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Replies to initial written questions raised by Finance Committee Members in examining the Estimates of Expenditure 2017-18

Director of Bureau : Secretary for Commerce and Economic Development

Session No. : 15

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CEDB(CIT)253	6858	CHAN Tanya	31	(3) Intellectual Property Rights and Consumer Protection
CEDB(CIT)254	6859	CHAN Tanya	31	(3) Intellectual Property Rights and Consumer Protection
CEDB(CIT)255	1791	CHUNG Kwok-pan	31	(3) Intellectual Property Rights and Consumer Protection
CEDB(CIT)256	1839	HO Kai-ming	31	(3) Intellectual Property Rights and Consumer Protection

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CEDB(CIT)258	2081	NG Wing-ka, Jimmy	31	(3) Intellectual Property Rights and Consumer Protection
CEDB(CIT)259	2217	QUAT Elizabeth	31	(3) Intellectual Property Rights and Consumer Protection
CEDB(CIT)260	1759	WAN Siu-kin, Andrew	31	(3) Intellectual Property Rights and Consumer Protection
CEDB(CIT)261	1765	WAN Siu-kin, Andrew	31	(3) Intellectual Property Rights and Consumer Protection
CEDB(CIT)262	1768	WAN Siu-kin, Andrew	31	(3) Intellectual Property Rights and Consumer Protection
CEDB(CIT)263	1770	WAN Siu-kin, Andrew	31	(3) Intellectual Property Rights and Consumer Protection
CEDB(CIT)264	1800	WAN Siu-kin, Andrew	31	(3) Intellectual Property Rights and Consumer Protection
CEDB(CIT)265	0666	WONG Ting-kwong	31	(3) Intellectual Property Rights and Consumer Protection
CEDB(CIT)266	0947	YICK Chi-ming, Frankie	31	(1) Control and Enforcement
CEDB(CIT)267	1064	YIU Si-wing	31	(3) Intellectual Property Rights and Consumer Protection
CEDB(CIT)268	1879	CHUNG Kwok-pan	78	(2) Protection of Intellectual Property
CEDB(CIT)269	3418	LEUNG Yiu-chung	78	(-) -
CEDB(CIT)270	3436	LEUNG Yiu-chung	78	(-) -
CEDB(CIT)271	0398	LIAO Cheung-kong, Martin	78	(2) Protection of Intellectual Property
CEDB(CIT)272	4882	MA Fung-kwok	78	(2) Protection of Intellectual Property
CEDB(CIT)273	5124	MOK Charles Peter	78	(2) Protection of Intellectual Property
CEDB(CIT)274	2106	NG Wing-ka, Jimmy	78	(2) Protection of Intellectual Property
CEDB(CIT)275	2107	NG Wing-ka, Jimmy	78	(2) Protection of Intellectual Property

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CEDB(CIT)277	1684	CHUNG Kwok-pan	79	(-) Investment Promotion
CEDB(CIT)278	1818	CHUNG Kwok-pan	79	(-) Investment Promotion
CEDB(CIT)279	1867	CHUNG Kwok-pan	79	(-) Investment Promotion
CEDB(CIT)280	2165	KWOK Wing-hang, Dennis	79	(-) Investment Promotion
CEDB(CIT)281	2268	LAM Kin-fung, Jeffrey	79	(-) Investment Promotion
CEDB(CIT)282	3427	LEUNG Yiu-chung	79	(-) -
CEDB(CIT)283	3437	LEUNG Yiu-chung	79	(-) -
CEDB(CIT)284	3265	MOK Charles Peter	79	(-) Investment Promotion
CEDB(CIT)285	5112	MOK Charles Peter	79	(-) Investment Promotion
CEDB(CIT)286	2075	NG Wing-ka, Jimmy	79	(-) Investment Promotion
CEDB(CIT)287	0931	WU Chi-wai	79	(-) Investment Promotion
CEDB(CIT)288	3816	YEUNG Alvin	79	(-) Investment Promotion
CEDB(CIT)289	3817	YEUNG Alvin	79	(-) Investment Promotion
CEDB(CIT)290	5384	YIU Chung-yim	79	(-) Investment Promotion
CEDB(CIT)291	5385	YIU Chung-yim	79	(-) Investment Promotion
CEDB(CIT)292	5387	YIU Chung-yim	79	(-) Investment Promotion
CEDB(CIT)293	5388	YIU Chung-yim	79	(-) Investment Promotion
CEDB(CIT)294	5389	YIU Chung-yim	79	(-) Investment Promotion
CEDB(CIT)295	5390	YIU Chung-yim	79	(-) Investment Promotion
CEDB(CIT)296	6976	YIU Chung-yim	79	(-) Investment Promotion
CEDB(CIT)297	6977	YIU Chung-yim	79	(-) Investment Promotion
CEDB(CIT)298	4152	CHAN Chi-chuen	168	(3) Time Standard and Geophysical Services
CEDB(CIT)299	0813	CHAN Hak-kan	168	(1) Weather Services
CEDB(CIT)300	3713	CHAN Tanya	168	(1) Weather Services
CEDB(CIT)301	3715	CHAN Tanya	168	(3) Time Standard and Geophysical Services
CEDB(CIT)302	5386	CHAN Tanya	168	(3) Time Standard and Geophysical Services
CEDB(CIT)303	1391	HO Chun-yin, Steven	168	(1) Weather Services
CEDB(CIT)304	4621	KWOK Ka-ki	168	(1) Weather Services
CEDB(CIT)305	3405	LEUNG Yiu-chung	168	(-) -
CEDB(CIT)306	6873	LEUNG Yiu-chung	168	(-) -
CEDB(CIT)307	2211	QUAT Elizabeth	168	(3) Time Standard and Geophysical Services
CEDB(CIT)308	5404	YIU Chung-yim	168	(3) Time Standard and Geophysical Services
CEDB(CIT)309	5405	YIU Chung-yim	168	(3) Time Standard and Geophysical Services
CEDB(CIT)310	1073	YIU Si-wing	168	(1) Weather Services

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CEDB(CIT)311	0536	CHUNG Kwok-pan	181	(3) Support for Small and Medium Enterprises and Industries
CEDB(CIT)312	1591	CHUNG Kwok-pan	181	(1) Commercial Relations
CEDB(CIT)313	1592	CHUNG Kwok-pan	181	(2) Trade Support and Facilitation
CEDB(CIT)314	1594	CHUNG Kwok-pan	181	(3) Support for Small and Medium Enterprises and Industries
CEDB(CIT)315	1823	CHUNG Kwok-pan	181	(3) Support for Small and Medium Enterprises and Industries
CEDB(CIT)316	1541	HO Kai-ming	181	(3) Support for Small and Medium Enterprises and Industries
CEDB(CIT)317	1558	HO Kai-ming	181	(3) Support for Small and Medium Enterprises and Industries
CEDB(CIT)318	2162	KWOK Wing-hang, Dennis	181	(3) Support for Small and Medium Enterprises and Industries
CEDB(CIT)319	2163	KWOK Wing-hang, Dennis	181	(3) Support for Small and Medium Enterprises and Industries
CEDB(CIT)320	5092	LEUNG Kwok-hung	181	(-) -
CEDB(CIT)321	3412	LEUNG Yiu-chung	181	(1) Commercial Relations (2) Trade Support and Facilitation (3) Support for Small and Medium Enterprises and Industries
CEDB(CIT)322	0451	LIAO Cheung-kong, Martin	181	(3) Support for Small and Medium Enterprises and Industries
CEDB(CIT)323	0452	LIAO Cheung-kong, Martin	181	(3) Support for Small and Medium Enterprises and Industries
CEDB(CIT)324	0453	LIAO Cheung-kong, Martin	181	(2) Trade Support and Facilitation
CEDB(CIT)325	1542	LO Wai-kwok	181	(1) Commercial Relations
CEDB(CIT)326	2078	NG Wing-ka, Jimmy	181	(3) Support for Small and Medium Enterprises and Industries

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CEDB(CIT)327	0665	WONG Ting-kwong	181	(3) Support for Small and Medium Enterprises and Industries
CEDB(CIT)328	0671	WONG Ting-kwong	181	(3) Support for Small and Medium Enterprises and Industries
CEDB(CIT)329	0677	WONG Ting-kwong	181	(1) Commercial Relations
CEDB(CIT)330	5391	YIU Chung-yim	181	(1) Commercial Relations
CEDB(CIT)331	5392	YIU Chung-yim	181	(1) Commercial Relations
CEDB(CIT)332	5393	YIU Chung-yim	181	(1) Commercial Relations
CEDB(CIT)333	5394	YIU Chung-yim	181	(1) Commercial Relations
CEDB(CIT)334	5395	YIU Chung-yim	181	(1) Commercial Relations
CEDB(CIT)335	5396	YIU Chung-yim	181	(1) Commercial Relations
CEDB(CIT)336	5397	YIU Chung-yim	181	(1) Commercial Relations
CEDB(CIT)337	5398	YIU Chung-yim	181	(2) Trade Support and Facilitation
CEDB(CIT)338	5400	YIU Chung-yim	181	(2) Trade Support and Facilitation
CEDB(CIT)339	6975	YIU Chung-yim	181	(1) Commercial Relations

CONTROLLING OFFICER'S REPLY

CEDB(CIT)001

(Question Serial No. 2890)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (3) Subvention: Hong Kong Trade Development Council

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Will the Government advise this Committee on the expenditure deployed for conducting the feasibility study on the comprehensive development plan of Wan Chai Sports Ground out of the subvention to the Hong Kong Trade Development Council for 2017-18?

Asked by: Hon CHAN Chi-chun (Member Question No. 43)

Reply:

The Government has invited the Hong Kong Trade Development Council (TDC) to conduct a feasibility study on the proposed comprehensive development of Wan Chai Sports Ground and the expenses of the study will be borne by TDC. Therefore, in 2017-18, the Government has not provided additional funding to the TDC for the feasibility study concerned.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)002

(Question Serial No. 4122)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (7) Subvention : Hong Kong Tourism Board

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

According to the Government, the provision for this Programme in 2017–18 is \$61.2 million (6.9%) higher than the revised estimate for 2016–17. This is mainly due to the additional provision for celebrating the 20th Anniversary of the Establishment of the Hong Kong Special Administrative Region (HKSAR), staging light shows and updating “A Symphony of Lights”. Please inform this Committee of the estimated amount of the subvention to be spent on the celebration of 20th Anniversary of the Establishment of the HKSAR.

Asked by: Hon CHAN Chi-chuen (Member Question No. 56)

Reply:

To commemorate the 20th anniversary of the establishment of the Hong Kong Special Administrative Region (HKSAR), the Government has allocated an additional funding of \$70 million to the Hong Kong Tourism Board (HKTb) for organising a series of celebratory events in 2017, including stepping up overseas promotion and debuting a brand-new carnival in summer (temporarily entitled as “Hong Kong Summer Party”). The HKTb also plans to introduce new elements to various mega events, such as setting up 20th anniversary cups for the Hong Kong Dragon Boat Carnival and the Hong Kong Cyclothon as well as incorporating celebratory programmes into the Hong Kong Wine & Dine Festival and the Hong Kong Great November Feast.

Moreover, the Tourism Commission and the HKTb work together to invite local attractions and the tourism trade to provide special offers for visitors in celebrating the 20th anniversary of the establishment of the HKSAR, so as to create a celebratory ambience and to make visitors feel that visiting Hong Kong during the celebration period would be value-for-money. Up to now, about 20 local attractions, airlines and transport service companies have confirmed their participation. The HKTb will consolidate the offers from

all participating members of the trade into a booklet, which will be distributed via local trade partners, hotels and the HKTB's visitor information services centres. Besides, the HKTB is promoting the offers through digital and social media platforms, public relations initiatives, as well as trade and consumer events. As the promotion work involves a number of aspects, it is therefore difficult to quantify the expenditure separately.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)003

(Question Serial No. 4123)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The provision for 2017-18 under this Programme is \$520.8 million (239.6 %) higher than the revised budget for 2016-17. The Government states that this is due to, inter alia, the provision to beef up the Belt and Road Office's establishment and resources. Will the Government inform this Committee of the establishment, salary provision and operational expenses of the Belt and Road Office in 2017-2018?

Asked by: Hon CHAN Chi-chuen (Member Question No. 57)

Reply:

The Belt and Road Office's replies are as follow -

In 2017-18, the Belt and Road Office (BRO) plans to create 16 permanent posts, including 2 Directorate grade posts, 2 Administrative Officer grade posts, 2 Trade Officer grade posts, 1 Information Officer grade post, 2 Executive Officer grade posts, and 7 posts belonging to the Secretarial, Clerical and Chauffeur grades, to replace the existing non-permanent establishment and increase manpower to ensure that the office can take forward the work under the Belt and Road Initiative more effectively and on a long-term basis. The estimated overall expenditure of BRO for 2017-18 is \$35.038 million which is mainly for salaries and other operating expenses. We will report to the relevant Panel of the Legislative Council the detailed organisation and establishment of BRO, and submit our proposal for the creation of the Directorate grade posts to the Establishment Subcommittee and the Finance Committee of the Legislative Council, in accordance with the procedure for creating Directorate grade posts.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)004

(Question Serial No. 4143)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (7) Subvention : Hong Kong Tourism Board

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Will the Government inform this Committee:

- (1) of the expenditures allocated by the Hong Kong Tourism Board (HKTb) for promotion in different countries in 2016-17 by way of a breakdown by country; and
- (2) of the estimated expenditures allocated for promotion in different countries by the HKTb in 2017-18 by way of a breakdown by country?

Asked by: Hon CHAN Chi-chuen (Member Question No. 77)

Reply:

(1) and (2)

The Hong Kong Tourism Board (HKTb) has strived to maintain a diverse visitor portfolio, and will continue to focus its resources on 20 key markets, which together generate approximately 96% of all visitor arrivals to Hong Kong.

The HKTb's revised estimates in 2016-17 and proposed budget in 2017-18 invested in 20 key source markets are listed below:

	Marketing Budget(HK\$M)	
	2016-17 Revised Estimates*	2017-18 Proposed Budget#
The Mainland	106.2	37.5
South China	31.9	11.3
Central China	21.2	9.4
East China	23.2	5.5
North China	30.0	11.4
Short-haul Markets	106.2	59.0
Japan	16.8	12.0
Taiwan	17.5	12.2
South Korea	20.5	14.8
Singapore	8.6	2.0
The Philippines	13.6	7.0
Malaysia	9.1	3.0
Indonesia	8.6	3.0
Thailand	11.5	5.1
Long-haul Markets	44.0	43.5
The US	15.1	15.1
Australia	9.1	9.0
The UK	9.0	7.9
Canada	3.2	4.0
Germany	4.8	4.8
France	2.9	2.8
New Markets	23.0	15.1
India	18.1	10.0
Russia	3.2	3.2
The Gulf Co-operation Council Markets	1.3	1.3
Vietnam	0.3	0.4
The Netherlands	0.2	0.3
Total	279.4	155.1

#This column only shows the recurrent funding that has been granted to the HKTb by the Government, and the additional fund of \$70 million allocated for the events and promotions held to celebrate the 20th anniversary of the establishment of the HKSAR. However, this does not include the additional fund that has been earmarked to the HKTb in the Policy Address and Budget, which amounts to \$238 million in 2017-18. The HKTb is currently planning the investment proportion of this additional fund to each source market.

*The revised estimates include the increased allocation to markets from the additional funding of approximately \$222 million from the Government's Budget 2016-17.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)005

(Question Serial No. 4171)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The soft power of Hong Kong films, with a reach that extends to many Southeast countries, should not be ignored. Apart from encouraging the provision of new cinemas in various districts and subsidising the production of Hong Kong films, will the Government consider promoting film tourism? For instance, film-related publicity materials and direction signs may be displayed at the shooting locations of well-known films, such as Wing Lee Street for the Echoes of the Rainbow and the Hong Kong University campus for the City of Glass, to promote film culture and attract overseas visitors to visit the classic film scenes in Hong Kong.

Asked by: Hon CHAN Chi-chuen (Member Question No. 131)

Reply:

The Government all along attaches great importance to the work of tourism promotion and has been promoting through the Hong Kong Tourism Board (HKTb) the diverse tourism appeals and travel experiences offered by Hong Kong through different channels, including television and digital marketing, social media and public relations initiatives. In recent years, the HKTb has been actively inviting international and regional television channels and production houses from South East Asia, South Korea, Japan, Taiwan, the US, the UK and Australia etc. to film their popular shows in Hong Kong, which showcase Hong Kong's diverse travel experiences. In 2015, the HKTb cooperated with a movie company, local tourist attractions and travel agents to design itineraries that cover scenes featured in the Mainland movie "Lost in Hong Kong".

Besides, the Government through the HKTb has been leveraging on local films and television programmes to promote the diverse tourism appeals of Hong Kong. Under the New Tour Product Development Scheme, the HKTb joins hands with local travel trade to promote some brand new movie-inspired travel products. For example, the guided tour

organised under the “Hong Kong Movie Tour” would take visitors to visit the scenes featured in nearly 20 classic Hong Kong movies in Sheung Wan and Central. The Government will continue to support the HKTb in carrying out promotion work in this aspect.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)006

(Question Serial No. 0142)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The estimated expenditure under Programme (2) for 2017-18 is 239.6% higher than the revised estimate for 2016-17. Please provide a breakdown of such expenditure and the reasons for the increase.

In addition, regarding staffing establishment, 23 posts will be created in 2017-18. Would the Bureau please advise this Committee of the details and major responsibilities of the posts, as well as the payroll costs?

Asked by: Hon CHAN Chun-ying (Member Question No. 26)

Reply:

CITB and the Belt and Road Office's consolidated replies are as follows:

The higher estimated expenditure under Programme (2) for 2017-18 against the revised estimate for 2016-17 is mainly due to-

- The increase in cash flow requirement for the Special Concessionary Measures under the SME Financing Guarantee Scheme, which accounts for \$412 million. Under the special concessionary measures of the SME Financing Guarantee Scheme, the Government is required to pay sufficient amount of funds to the Hong Kong Mortgage Corporation Limited in meeting the requirements of payments for default compensations and the necessary out-of-pocket expenses. The estimated cash flow requirements under the measures may fluctuate every year.

- The increase in cash flow requirement for the Measures for Manpower Development of Retail Industry, which accounts for \$3.55 million.
- The beginning of cash flow requirement for the Professional Services Advancement Support Scheme (PASS), which accounts for \$40 million. PASS was launched in November 2016. The first batch of funded projects is expected to roll out in mid-2017.
- The inclusion of the estimated overall expenditure of the Belt and Road Office (BRO), which accounts for \$35.038 million. This is mainly for beefing up the office's establishment and resources to ensure that the office can take forward the work under the Belt and Road Initiative more effectively and on a long-term basis.
- The estimated increase of \$5 million for the subscription to the WTO and increase in the departmental expenses.

In addition, 23 posts are planned for creation in 2017–18. The details are set out below-

- Planned creation of 16 posts in BRO, including 2 directorate grade posts, 2 Administrative Officer grade posts, 2 Trade Officer grade posts, 1 Information Officer grade post, 2 Executive Officer grade posts, and 7 posts belonging to the Personal Secretary, Clerical and Chauffeur grades, to replace the existing non-permanent establishment and increase manpower to ensure that the office can take forward the work under the Belt and Road Initiative more effectively and on a long-term basis.
- Planned creation of three time-limited posts for four years to expand the network of the overseas Economic and Trade Offices (ETO) to tap new markets and enhance promotion, including one directorate Administrative Officer grade post, one Executive Officer grade post and one Personal Secretary grade post. In connection with the Government's plan to set up new ETOs in India, Mexico, Russia, South Africa and the United Arab Emirates, the directorate officer will mainly be responsible for formulating strategies and discussing with respective governments to take forward the initiative, to be supported by the Executive Officer and Personal Secretary.
- Planned creation of one Engineer grade post (time-limited post for 1 year) to follow up the design work of the convention centre above the Exhibition Station of the Shatin to Central Link.
- Planned creation of three posts to enhance the administrative support to this branch, including one Supplies Officer grade post, one System Analyst/Programmer post and one Clerical Officer grade post to strengthen the general support on supplies and procurement, information technology and personnel-related matters.

For the purpose of preparing the 2017-18 estimates of expenditure, a total provision of \$20.827 million has been reserved for the payroll of the 23 posts mentioned above. The proposal on the establishment of the Belt and Road Office and the proposed creation of the directorate posts including that for the expansion of the ETOs' network will, in accordance with the procedures for creation of directorate posts, be reported to the Panel on Commerce and Industry, and submitted to the Establishment Subcommittee and the Finance Committee of the Legislative Council.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)007

(Question Serial No. 0584)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (3) Subvention: Hong Kong Trade Development Council

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The total economic capacity of countries along the Belt and Road is US\$ 21 trillion, which accounts for nearly over 30% of the global economy, offering huge market and business opportunities. It is mentioned in Matters Requiring Special Attention in 2017-18 that the Hong Kong Trade Development Council (TDC) will, inter alia, develop Hong Kong into the premier Belt and Road intelligence hub and project matching platform. Would the Government inform this Committee of:

- 1) the expenditure earmarked for carrying out the aforesaid work for this financial year?
- 2) the number of staff deployed by the TDC for implementing such work and its mode of co-operation with the Belt and Road Office and the Infrastructure Financing Facilitation Office in relation to such work?

Asked by: Hon CHAN Chun-ying (Member Question No. 44)

Reply:

In 2017-18, the Hong Kong Trade Development Council (TDC) will focus on further developing business opportunities for Hong Kong under the Belt and Road Initiative. Key initiatives include:

- Enrich the Belt and Road portal with case references on services provided by Hong Kong companies in Belt and Road countries, as well as with the addition of key industry players in risk management, environmental and related technology in the database of Hong Kong service providers;
- Build the Belt and Road Summit as the premier event for Belt and Road in the region and globally;
- Include Belt and Road-themed elements into its anchor services industry events, such as

the Asian Financial Forum, Asian Logistics and Maritime Conference, Hong Kong International Film and TV Market and Hong Kong International Licensing Show;

- Establish strategic partnerships with key financial, research, investment and infrastructure-related organisations in Hong Kong, the Mainland, priority Belt and Road markets and related economies; and
- Organise investment and infrastructure-related missions to priority Belt and Road markets, and build business connections through TDC's worldwide network.

TDC will continue to collaborate closely with the Belt and Road Office, Infrastructure Financing Facilitation Office, etc., to help Hong Kong companies explore new markets and new opportunities.

The above are part of the work covered under Programme (3) to be carried out by TDC's existing staff. We do not have breakdown of staff establishment and expenditure for individual items.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)008

(Question Serial No. 0089)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Regarding the operation of the Food Truck Pilot Scheme, will the Government inform this Committee:-

- a) whether any resources will be set aside in 2017-18 for further promotion or refinement of the Scheme in case the response towards the Scheme is less than satisfactory; if yes, what are the details and estimated expenditures; if no, what are the reasons?
- b) whether any resources will be set aside in 2017-18 for handling possible expenditures arising from the quitting of one or more food truck operators currently participating in the Food Truck Pilot Scheme owing to operation difficulties or other reasons; if yes, what are the details of the resources and the work plan of the Government for dealing with the cases where the operators quit their operation; if no, what are the reasons; and
- c) whether the Government has set aside resources in 2017-18 for conducting a review on the Food Truck Pilot Scheme and collecting the views of the general public and tourists on the food trucks; if yes, what are the details of the work; if no, what are the reasons.

Asked by: Hon CHAN Tanya (Member Question No. 305)

Reply:

- a) The Tourism Commission (TC) has been making efforts in carrying out promotional activities for the Food Truck Pilot Scheme (the Scheme). As the Scheme is a tourism project, TC would like to encourage more collaboration between travel agencies and food truck operators to attract tourists. We therefore establish platform for them to get to know each other's' products or services and explore if they would like to establish commercial cooperation amongst themselves, with an aim to developing food truck as a tourism product. Besides, TC has launched a mobile application "HK Food

Truck”, promoted food trucks to overseas visitors with Hong Kong Tourism Board and arranged placement of promotional flyers at hotels with the assistance of Hong Kong Hotel Association. In the meantime, TC has installed directional signage with food truck module around the periphery of the eight operating locations. MTRC has also set up food truck signage at MTR train stations. In 2017-18, TC will earmark around \$1 million for the promotion of food trucks.

- b) In designing the Scheme, TC has incorporated the withdrawal and waiting list mechanisms, which were clearly set out in the invitation document for application for the Scheme. In case of withdrawal from the Scheme by a selected applicant, the Food Truck Office of TC would invite applicants on the waiting list to take up the vacant place according to the mechanism. The Food Truck Office would be responsible for the related follow up actions and the related expenses would be absorbed under the current budget.
- c) TC will evaluate the effectiveness of the Scheme in various aspects such as how well the objective of the Scheme is met, whether the licensing requirements are adequate, the degree to which the licensing requirements are met, effects on the surrounding area, to what extent the Scheme has broadened the choice of food for consumers, and whether food trucks can bring profit to the operators, etc.. The Government will continue to keep in view the situation of particular operating locations and conduct review from time to time, and maintain flexibility for enhancement, such as considering other operating locations if they meet the positioning and requirements of the Scheme.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)009

(Question Serial No. 0090)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (7) Subvention : Hong Kong Tourism Board

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Government has indicated earlier that certain historical buildings in Central and Sheung Wan would be linked together to create a cluster of cultural tourism attraction for promotion to tourists. Will the Hong Kong Tourism Board earmark resources in 2017-18 to carry out publicity and promotion in this regard? If it will, what are the action plan, work schedule and estimates of expenditure? If it will not, what are the reasons?

Asked by: Hon CHAN Tanya (Member Question No. 306)

Reply:

The Hong Kong Tourism Board (HKTB) plans to launch a brand-new programme named "Old Town Central" in April 2017 to enrich visitors' in-town experience in Hong Kong. The HKTB will repackage and promote the diverse tourism appeal of Central. A number of thematic walking routes will be designed to introduce the heritage buildings and landmarks, arts and culture, lifestyle as well as dining and entertainment elements in the district. The HKTB will also produce a guidebook to encourage visitors to explore the living culture and hidden neighbourhoods in depth. "Old Town Central" programme will be promoted to visitors, international media, local and overseas trade partners through various channels such as digital and social media, public relations and trade activities.

"Old Town Central" is an on-going project and the HKTB plans to extend the programme to promote other districts so as to further enrich visitors' in-town experience.

The HKTB's proposed budget for planning "Old Town Central" programme and its related activities is about \$7.4 million. As the promotion work involves a number of aspects and will be included in the HKTB's regular promotion, it is difficult to quantify the expenditure separately.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)010

(Question Serial No. 0094)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (7) Subvention : Hong Kong Tourism Board

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

According to a recent media report, the operating environment of some participants of the Food Truck Pilot Scheme is not satisfactory. Since the Government seemed to have positioned the food truck project as a tourism attraction, will the Hong Kong Tourism Board allocate resources for marketing and promoting the food truck project specifically in 2017-18? If yes, what are the details of the specific work plan, the timetable and the estimated expenditures for the promotion work? If no, what are the reasons?

Asked by: Hon CHAN Tanya (Member Question No. 307)

Reply:

The Hong Kong Tourism Board (HKTb) will assist the Tourism Commission in promoting the Food Truck Pilot Scheme to the local and overseas visitor source markets through various channels, including the HKTb's worldwide offices, digital media platforms, public relations initiatives, visitor centres and visitor hotline. Details are as below:

- disseminate information, photos and videos featuring food trucks to international media, arrange in-town international media to experience the food provided by food trucks, and help promote these food trucks to consumers in different source markets;
- introduce food trucks through the HKTb's website and social media platforms;
- promote food trucks to visitors through the HKTb's visitor centres and visitor hotline; and
- plan to arrange food trucks to operate at the venues of the HKTb's mega events.

The HKTb's work in promoting food trucks is undertaken by various departments in the head office and worldwide offices. The HKTb does not have expenditure breakdown for the work on this front.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)011

(Question Serial No. 0095)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (7) Subvention: Hong Kong Tourism Board

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

What are the resources (including the work plan and the estimated expenditure breakdowns) earmarked by the Hong Kong Tourism Board (HKTb) to promote Hong Kong's tourism to Mainland tourists in 2017-18? As the vast majority of Mainland tourists are quite familiar with Hong Kong and usually visit Hong Kong for specific purposes such as shopping or visiting relatives, it maybe unnecessary to allocate excessive amount of resources to tourists from this market segment. Will the HKTb consider to further reduce or even put a halt to publicity projects targeting Mainland tourists? If yes, what are the details? If no, what are the reasons?

Asked by: Hon CHAN Tanya (Member Question No. 308)

Reply:

In 2017-18, the Hong Kong Tourism Board (HKTb) will continue to focus its marketing resources on attracting more overnight visitors from 20 key source markets, which together generate approximately 96% of visitor arrivals to Hong Kong.

The HKTb's total marketing budget in 2017-18 is estimated to be \$398.11 million (excluding the additional funding as stated in the Budget), of which \$155.09 million will be invested in visitor source markets to drive overnight arrivals. Of this, the HKTb will continue to allocate 76% to the international markets and the remaining 24% to the Mainland market in order to maintain a diverse market portfolio and uphold Hong Kong's image as Asia's world city and a world-class tourist destination.

To further increase Hong Kong's tourism receipts from the Mainland market, the HKTb will continue to focus on attracting overnight arrivals in 2017-18. Of the HKTb's marketing resources allocated to the Mainland, 80% will go to non-Guangdong areas and 20% will go to Guangdong Province to draw overnight visitors.

Apart from investing in tier-one cities like Beijing and Shanghai, the HKTb will also step up its promotion in tier-two and tier-three cities to attract more first-timers to Hong Kong.

In addition, the HKTb will use \$31 million out of the \$238 million additional funding as stated in the Budget to strengthen Hong Kong's positive image in the Mainland and elevate promotion of the Quality and Honest Hong Kong Tours and Quality Tourism Services Scheme.

The HKTb will regularly review its market priority and investments in different markets, and maintain flexibility in its resource allocation. It will also closely monitor market situation in order to make adjustment in response to any unforeseeable changes in macro environment and step up its promotion in major markets to attract more visitors to Hong Kong.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)012

(Question Serial No. 0132)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (000) Operational expenses

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

In 2014, the Government commissioned AMR International to conduct the Demand Study for New Convention and Exhibition Facilities in Hong Kong which put forward a total of 15 recommendations. For 2017-18, will the Government formulate any work plan to implement one or more of these 15 recommendations? If yes, what are the details of the relevant work plan, the timetable and the estimated expenditure? Please provide information on the follow-up work broken down by individual recommendations. If no, what are the reasons?

Asked by: Hon CHAN Tanya (Member Question No. 69)

Reply:

The Government adopted the recommendation of the Working Group on Convention and Exhibition Industries and Tourism under the Economic Development Commission in 2014, and hence commissioned a consultancy study to assess the demand for convention and exhibition (C&E) facilities in Hong Kong for the 15-year period between 2014 and 2028. The result indicates that by 2028 there will be a shortfall of about 130 000 square metres of C&E space in Hong Kong at peak periods. The 15 recommendations referred to in the question are not the consultant's recommendations to the Government. Instead, they were suggestions made by stakeholders during their discussion with the consultant during the study on how to meet the future demand on C&E facilities. After gathering suggestions from stakeholders, the consultant, having regard to four major considerations, i.e. meeting unmet demand, whether the suggestions could be implemented, whether the Government could involve, and key risks and constraints, and after conducting a quantitative economic impact assessment, put forward to the Government recommendations for the short, medium and long terms that it considered feasible. These recommendations are not made on individual project basis. The consultant's recommendations and the latest progress are elaborated below.

(1) Recommendation for the short-term: Proposed the Government to create environment to foster new event launches and proactively target conventions and new exhibitions to be held especially during off-peak seasons in the coming years to maximise venue utilisation and to diversify business. Besides, supporting facilities (e.g. hotels and transport) should also be developed especially on Lantau Island to help improve the attractiveness of Hong Kong as a meetings, incentive travels, convention and exhibition (MICE) destination.

The Government has all along been promoting the development of MICE industries through making good use of the C&E facilities in Hong Kong, including:

- (a) the “Meetings and Exhibitions Hong Kong” Office under the Hong Kong Tourism Board (HKTB) is committed to promoting MICE tourism, and has been actively assisting organisations intending to hold international conferences and exhibitions in Hong Kong in their search for suitable venues, and providing them with reference information of suitable locations;
- (b) HKTB also works closely with the Hong Kong Trade Development Council (TDC), Hong Kong Exhibition and Convention Industry Association and the major exhibition venues (including the Hong Kong Convention and Exhibition Centre (HKCEC) and AsiaWorld-Expo (AWE)) to conduct joint market promotion activities in various target cities to attract different organisations to hold events in Hong Kong;
- (c) since 2014-15, the Government has allocated an annual provision of \$15 million to HKTB for three consecutive years to provide more attractive and targeted supporting services and hospitality offers for organisers and participants of MICE events of different scales and types. To continue supporting HKTB’s promotion work on this front, starting from 2017-18 onwards, the Government will regularise the aforementioned annual provision of \$15 million;
- (d) HKTB launched a scheme in 2016 to attract more small to medium-sized MICE events to Hong Kong; and
- (e) the Government has all along been encouraging TDC and other exhibition organisers to adopt the “one show, two venues” or “two shows, two venues” approach in holding exhibitions, so as to make good use of the C&E facilities in Hong Kong. To successfully organise exhibitions under different approaches, there should be close coordination between the venue operators and exhibition organisers. Exhibitors and buyers also need time to adapt.

(2) Recommendation for the medium-term: a dedicated convention centre is recommended to be built above the Exhibition Station in Wan Chai North to allow the emerging convention sector to realise its high growth potential and to address strong competition from neighbouring cities. The dedicated convention centre will create operational synergies with HKCEC.

The recommendation has been adopted. The Chief Executive announced in the 2015 Policy Address that a convention centre would be constructed above the Exhibition Station of the Shatin-to-Central Link (SCL) upon the latter’s completion in around 2020. At the

Government's invitation, TDC is working on the design work. The Government will consider the construction arrangements after completion of the design work.

(3) Recommendation for the long-term: the Government should explore further provision/ expansion of C&E space on Lantau Island and/or in other locations (e.g. an integrated development of hotels and C&E facilities in Kai Tak area), as long as the necessary surrounding supporting facilities (e.g. accommodation, dining, entertainment and transport) are sufficiently provided.

To maintain the competitiveness of the C&E industry, the Government has all along been exploring different options to increase the floor area of C&E venues. Apart from the convention centre to be built above the Exhibition Station of SCL, the West Kowloon Cultural District (WKCD) Authority is also considering the idea of developing a medium-sized multi-purpose venue for exhibition, convention and performance purposes in the western part of the WKCD through private sector investment. As regards AWE on the airport island, land has also been reserved for its expansion.

However, we estimate that even with the topside development above the Exhibition Station of SCL, AWE expansion and the C&E facilities in the WKCD, the demand for C&E venues in Hong Kong at peak periods in 2028 can still not be satisfied. Therefore, the Government has to continue to explore other sites for constructing or expanding C&E facilities. The Home Affairs Bureau plans to build and improve a number of recreation and sports facilities in the coming five years. In view of such plan, the Government considers that the feasibility of comprehensive development at the Wan Chai Sports Ground (WCSG) site can be examined. Therefore, the Government has invited TDC to conduct a feasibility study on the proposed comprehensive development of WCSG. The proposal is an initial one, the Government has not finalised its plan. The Government will consider further when the outcome of the feasibility study is available.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)013

(Question Serial No. 0133)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (000) Operational expenses

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Chief Executive has proposed in the latest Policy Address to redevelop the Wan Chai Sports Ground into exhibition facilities and to entrust the Hong Kong Trade Development Council to conduct a feasibility study in this regard. In 2017-18, will the Government conduct preliminary work by allocating resources and formulating work plan to follow up on the proposal? If yes, what are the specific plan, schedule and estimated expenditure of such work? If not, what are the reasons?

Asked by: Hon CHAN Tanya (Member Question No. 301)

Reply:

The Government has invited the Hong Kong Trade Development Council (TDC) to conduct a feasibility study on the proposed comprehensive development of Wan Chai Sports Ground, the expenses of which will be borne by TDC. The feasibility study will cover the scale of the comprehensive development; the uses, floor areas and ratio of various facilities (i.e. convention and exhibition, sports, recreation, and other community facilities); and assessments of the comprehensive development's impact on the environment, traffic, etc. As the proposal is an initial one, the Government has not finalised its plan. The Government will continue to listen to views from stakeholders on the proposed comprehensive development, and incorporate them into the feasibility study. The Government will consider further when the outcome of the feasibility study is available.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)014

(Question Serial No. 0140)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (3) Subvention: Hong Kong Trade Development Council

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

As regards the share of the Hong Kong Trade Development Council (HKTDC) in the local exhibition market, will the Government advise this Committee of the following:

- (a) Has the HKTDC compiled any statistics or conducted any studies on its share in the Hong Kong exhibition industry on a regular basis? If yes, what are the respective shares of the HKTDC in the Hong Kong exhibition market for the past 5 years? If not, will the HKTDC consider conducting such studies in 2017-18? If such studies will be conducted, what are the relevant details? If not, what are the reasons?
- (b) What are the percentages of the exhibitions organised by the HKTDC in the Hong Kong Convention and Exhibition Centre (HKCEC) over the total number of exhibitions held in the HKCEC for the past 3 years? Please provide the respective percentages, broken down by year, peak seasons, non-peak seasons and all periods; and
- (c) Will the HKTDC provide a comparison between the market shares of the HKTDC in the Hong Kong exhibition industry and those of similar organisations of the major countries or regions in the Asia-Pacific Region in their local exhibition industries for the past 5 years? If not, what are the reasons?

Asked by: Hon CHAN Tanya (Member Question No. 1)

Reply:

- (a) The Hong Kong Exhibition and Convention Industry Association (HKECIA) announces an annual survey of the exhibition industry in Hong Kong, showing the statistics on the large-scale exhibitions (i.e. "trade" and "trade and consumer" exhibitions with a gross area of over 2 000 square metres) held in Hong Kong each

year. Based on the relevant information, the number of local exhibitions organised by the Hong Kong Trade Development Council (TDC), the total number of large-scale exhibitions held in Hong Kong and the percentage of local exhibitions organised by TDC among the total number of large-scale exhibitions held in Hong Kong from 2012 to 2015 are tabulated as follows:

Year	Number of local exhibitions organised by TDC	Total number of large-scale exhibitions held in Hong Kong	Percentage of local exhibitions organised by TDC among the total number of large-scale exhibitions held in Hong Kong
2012	35	107	33%
2013	35	100	35%
2014	35	108	32%
2015	35	89	39%

As HKECIA has yet announced the result of the annual survey for 2016, we are not able to provide the comparison for 2016 at the moment.

- (b) The number of exhibitions organised by TDC at the Hong Kong Convention and Exhibition Centre (HKCEC) and the percentage of that among the total number of exhibitions held at HKCEC from 2014 to 2016 are tabulated as follows:

Year	Number of exhibitions organised by TDC at HKCEC	Total number of exhibitions held at HKCEC	Percentage of exhibitions organised by TDC at HKCEC among the total number of exhibitions held at HKCEC
2014	31	112	28%
2015	31	116	27%
2016	31	117	26%

The exhibition industry is ever changing. As the number of exhibitions increases, and public and trade exhibitions are held in different months, whole year figures will better reflect the complete picture of the industry.

- (c) The Government commissioned a consultancy study in 2014 to assess the demand for convention and exhibition (C&E) facilities in Hong Kong for the 15-year period between 2014 and 2028. The consultancy report considered that the Hong Kong C&E industry mainly compete with Beijing, Shanghai, Guangzhou, Shenzhen, Macau, Bangkok, Jakarta, Kuala Lumpur and Singapore. The consultancy report does not cover market share information of the C&E industry in these cities, and such information cannot be found in the public domain.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)015

(Question Serial No. 0145)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (3) Subvention: Hong Kong Trade Development Council

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Chief Executive proposed in the latest Policy Address that a feasibility study on the redevelopment of the Wan Chai Sports Ground be conducted by the Hong Kong Trade Development Council (TDC). In this regard, would TDC inform this Committee whether:

- (a) TDC has formulated any concrete work plan regarding the feasibility study? If yes, what are the concrete plan, schedule and estimated expenditure of such work for 2017-18? If no, when will TDC formulate such work plan; and
- (b) TDC will conduct the aforesaid feasibility study on its own or commission an external independent consultant to conduct the study? If it is the latter, what are the procedure and work plan for identifying the consultant firm?

Asked by: Hon CHAN Tanya (Member Question No. 303)

Reply:

The Government has invited the Hong Kong Trade Development Council (TDC) to conduct a feasibility study on the proposed comprehensive development of Wan Chai Sports Ground. The scope of the study will cover the scale of the comprehensive development; the uses, floor areas and ratio of various facilities (i.e. convention and exhibition, sports, recreation, and other community facilities); and assessments of the comprehensive development's impact on the environment, traffic, etc. The TDC will, after completing the relevant internal procedures, develop a work plan and commission consultants for the study in accordance with TDC's established procurement policy and procedures.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)016****(Question Serial No. 0147)**

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (3) Subvention: Hong Kong Trade Development Council

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Regarding the surplus of the Hong Kong Trade Development Council (TDC) and the level of subvention from the Government, please advise this Committee of:

- (a) the total revenue of the TDC, the subvention it received from the Government and its total expenditure, surplus and reserves in each of the past 5 years; and
- (b) whether the Government will review if there is the need to adjust the level of subvention to the TDC each year having regard to the amount of surplus and reserves it had in recent years. If yes, what is the specific work plan for the review? If not, what are the reasons?

Asked by: Hon CHAN Tanya (Member Question No. 2)

Reply:

- (a) The total income, Government subvention, total expenditure, surplus and reserve of the Hong Kong Trade Development Council (TDC) in the past five financial years (i.e. 2011-12 to 2015-16) are tabulated as follows:

	Financial Year (\$ million)				
	2011-12	2012-13	2013-14	2014-15	2015-16
Total income	2,434.4	2,499.3	2,739.7	2,806.7	2,753.0
Government subvention	378.3	383.9	389.5	393.4	393.4
Total expenditure (Note)	2,383.9	2,427.3	2,739.5	2,743.8	2,749.2
Surplus	50.5	72.0	0.2	62.9	3.8
Reserve as at 31 March of the financial year	1,099.1	1,119.8	1,121.8	1,032.7	1,057.1

Note: TDC's expenditure includes financial cost.

TDC needs to maintain a certain level of reserve to cater for income reduction due to changes in the economic environment, without having an immediate need to increase service charge on small and medium enterprises (SMEs) in Hong Kong or reduce support to SMEs. In addition, TDC is still repaying the loan for the Atrium Link Extension of the Hong Kong Convention and Exhibition Centre. At present, TDC's reserve is at an appropriate level.

- (b) The Government reviews the subvention to TDC from time to time. Currently, the subvention to TDC is determined having regard to the Government's financial position, TDC's funding requirements, new demands for trade-related services, inflation or deflation situation, and by way of reference to the total amount of trade declaration charges received in the preceding year. In 2017-18, the Government subvention to TDC is proposed at \$385.5 million.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)017

(Question Serial No. 0150)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (000) Operational expenses

Programme: (4) Posts, Competition Policy and Consumer Protection

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Many people have repeatedly relayed to me that the Consumer Council has not been able to handle consumer complaints effectively owing to its lack of real power to conduct investigations or request information. They consider that Hong Kong needs a statutory body with real power to protect consumer interests. In this connection, will the Administration consider allocating resources in 2017-18 for reviewing the structure, functions, terms of reference and resources of the Consumer Council, conducting relevant public consultation exercises, and examining the need for legislative amendments with reference to the outcomes of the review and consultation? If the Administration will engage in the above work, what will be the specific work plan, work schedule and estimated expenditure? If it will not, what are the reasons?

Asked by: Hon CHAN Tanya (Member Question No. 304)

Reply:

In work related to consumer protection, law enforcement agencies and the Consumer Council (CC) have different responsibilities. Law enforcement agencies are empowered to conduct criminal investigations and prosecutions against unfair trade practices, while the CC carries out its functions in accordance with the Consumer Council Ordinance, which include collecting, receiving and disseminating information concerning goods and services; handling consumer complaints about goods and services and giving advice to them; taking such action as it thinks justified by information in its possession, including tendering advice to the Government; and encouraging businesses and professional associations to establish codes of practice to regulate the activities of their members.

The CC is committed to discharging the above functions and safeguarding consumer interests. The work involved includes conducting different product tests, studies and surveys to ensure product quality and safety; forestalling and conciliating disputes between consumers and traders; collaborating with law enforcement agencies in combating unfair trade practices; implementing consumer publicity and education programmes to empower

consumers to protect themselves; providing advice to the Government on enhancing the protection of consumer interests; and encouraging different business associations to establish relevant codes. The Consumer Legal Action Fund provides consumers with access to legal remedies by providing legal assistance and financial support in cases involving significant public interest and injustice.

The CC's efforts and efficacy in safeguarding consumer interests and establishing a fair, safe and sustainable consumption environment have been widely recognised. The CC will continue to seek improvements in discharging its duties.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)018

(Question Serial No. 0151)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Regarding the operation of the Mega Events Fund (MEF), will the Government inform this Committee of the following:-

- a) a breakdown of the details of the events funded by the MEF in 2016-17 showing the event titles, organisers, event nature, event dates, funding amounts, total expenditures, estimated and actual number of participants, estimated and actual number of overseas tourist participants and resultant estimated economic benefits;
- b) a breakdown of the details of the events to be funded by the MEF in 2017-18 showing the event titles, organisers, event nature, projected event dates, funding amounts, estimated number of participants, estimated number of overseas tourist participants and projected economic benefits; and
- c) whether any resources will be set aside in 2017-18 for conducting a review on the effectiveness of and the way forward for the MEF; if yes, of the actual work plan and schedule of the review; if not, of the reason for that.

Asked by: Hon CHAN Tanya (Member Question No. 3)

Reply:

- a) The details of the events supported by the Mega Events Fund (MEF) in 2016-17 are as follows:

Project title	Organiser	Nature	Date of event	Funding ceiling <small>Note 1</small> (\$ million)	Project budget (\$ million)	Number of participants (Number of participating visitors) <small>Note 2</small>
2016 Hong Kong Dragon Boat Carnival	Hong Kong China Dragon Boat Association Hong Kong Tourism Board	Traditional cultural activity with sports element	10-12 June 2016	6	20.9	164 790 (40 910)
Prudential Hong Kong Tennis Open 2016	Hong Kong Tennis Open Event Management Limited	Professional international tennis tournament	8-16 October 2016	9	33.6	35 730 (1 600)
UBS Hong Kong Open	Hong Kong Golf Association Hong Kong Golf Club	Professional international golf tournament	8-11 December 2016	15	50.6	38 377 (9 784)

Note 1 : The basic funding principle of the MEF is that the total Government contribution (including the MEF funding) must not exceed 50% of the total cost of the event.

Note 2 : Expected numbers. The actual numbers cannot be confirmed until the MEF Assessment Committee has completed assessment of the evaluation reports as submitted by the event organisers.

These MEF-supported events have added colour and vibrancy to Hong Kong's city life and boosted Hong Kong's status as an events capital of Asia. They can attract more visitors to Hong Kong specifically for the events or increase their length of stay. With the MEF funding, the organisers can expand the scale of the events, enhance their publicity work outside Hong Kong and raise the events' international profile. The Hong Kong Tourism Board (HKTb) and the Information Services Department have also leveraged on the opportunities to include these events into their promotional plan and use these events to highlight Hong Kong's position as the events capital of Asia. Through co-operation with trade partners, the HKTb has also developed special tourist packages to attract more visitors to Hong Kong for these events.

b) and c)

We adjust our tourism development strategy from time to time to cater for the changing preference of our visitors and meet the challenges of the regional competition posed by other tourist destinations. The MEF has operated for 8 years and will expire by the end of March 2017. Upon review, the Government considers

that the MEF has achieved its objectives of assisting Hong Kong to become an events capital of Asia and identifying events with good branding impact. The MEF has supported a total of 30 events, including new international mega events with good branding impact and existing events with their scale enhanced through the support of MEF. Some of the MEF-supported events have become self-sustainable and continue staging without seeking for our funding support subsequently. However, amongst the 30 MEF-supported events, 22 are repeated events (involving 6 events). We note that high-yield overnight visitors pursue tourism product diversification. Apart from mega events, they are also interested in participating in tourism activities showcasing the cultural characteristics of the travel destination. Hence, it is essential for the Government to adjust our strategy to maintain Hong Kong's attractiveness and competitiveness.

In 2017-18, the Government will adopt a new strategy to support the staging of events and activities with different scale and nature in Hong Kong to tie in with our policy objective of diversification and attracting high-yield overnight visitors. The strategy includes (1) providing "one-stop" support to large-scale commercial events with significant tourism merits; (2) cultivating some home-grown events as Asia's celebrated branded events; (3) supporting international events with significant branding impact on Hong Kong; and (4) introducing a pilot scheme to support tourism activities showcasing Hong Kong's local characteristics.

Due to the expiration of the MEF, the Government will not support any event through the MEF in 2017-18; but an amount is reserved for paying the outstanding balance in respect of those MEF-supported events completed before the end of March 2017. After deducting this amount, the remaining balance of the MEF will lapse automatically.

The MEF review and the launch of new strategy to support events and activities were conducted with existing manpower and resources. No additional expenditure has been incurred.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)019****(Question Serial No. 3115)**

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (3) Subvention: Hong Kong Trade Development Council

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

In the past 5 years, how much revenue of the Hong Kong Trade Development Council was generated from exhibition business, including operating revenue of the Hong Kong Convention and Exhibition Centre, income from holding trade fairs, and other revenue related to exhibition business? Please provide a breakdown of the revenue items by year. If no such information is available, what are the reasons?

Asked by: Hon CHAN Tanya (Member Question No. 302)

Reply:

The Hong Kong Trade Development Council (TDC) is a statutory non-profit-making organisation, with the statutory function to promote, assist and develop Hong Kong's trade with other places. Organising international conventions and exhibitions is one of the effective ways to promote and develop trade. TDC's income from organising exhibitions is used to support the development of small and medium enterprises and new industries. TDC's income generated from organising exhibitions and missions, and its income generated from the operation of the Hong Kong Convention and Exhibition Centre (HKCEC) in the past five financial years (i.e. 2011-12 to 2015-16) are tabulated as follows:

	Financial Year (\$ million)				
	2011-12	2012-13	2013-14	2014-15	2015-16
Income generated from exhibitions and missions (Note)	1,613.9	1,627.6	1,862.3	1,877.4	1,909.9
Income generated from HKCEC operation	151.3	163.0	163.1	172.3	176.6

Note: There is no breakdown of income generated from exhibitions.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)020

(Question Serial No. 2825)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The outcome of the pilot scheme on food trucks, modeled on a US scheme, is less than satisfactory. Would the Bureau consider suspending the scheme and collaborate with the Food and Health Bureau and Food and Environmental Hygiene Department instead to enhance the policy on static and itinerant hawkers in order to attract overseas tourists who are interested in our local culture and social customs?

Asked by: Hon CHENG Chung-tai (Member Question No. 15)

Reply:

The Food Truck Pilot Scheme (the Scheme) is positioned as a tourism project. Under the framework of the Scheme, food trucks shall operate at the designated attractions. In fact, there are many restaurants in Hong Kong and their burdens of rental fees are not light. In identifying the location of food truck pitch, the Tourism Commission (TC) has taken into consideration the need of avoiding direct competition with the existing restaurants. Furthermore, the streets in Hong Kong are generally narrow and the truck occupies a sizeable area on the road. It will cause obstruction if food trucks are allowed to be stationed anywhere. TC has also taken into account various factors including the availability of venue management for the locations, enough room for accommodating food trucks and queuing up by customers, adequate patronage, accessibility, etc. and struck a balance of all considerations in identifying the eight operating locations.

The framework of the Scheme has provided sufficient flexibility for the operation of food trucks. Food trucks are allowed to adjust their operating hours according to their need after negotiation with venue management. Food truck operators can also devise other food dishes besides the mandatory signature dish (the dish presented at the Cook-off Challenge) at different operating locations. Food truck operators are also allowed to formulate their own promotional strategies without restrictions. Notwithstanding this, operators have to

comply with the licensing requirements of Food Factory Licence (FFL) issued under the Food Business Regulation (Cap 132X) and ensure their fulfillment of the high standard of food safety and environmental hygiene in Hong Kong. Food truck operation follows commercial principles. Similar to the practice of paying rental fee for running a typical restaurant, food truck operators also have to pay service charge. At present, operators are only required to pay a service charge ranging between \$302 - \$723 per day which already includes parking fee, electricity and cleansing services, etc. Some operators have expressed satisfaction to TC on the current supporting services and arrangement of the Scheme.

According to TC's observation on the operation of food trucks, business may be different for different operators operating at the same location, which hinges very much on the business strategies of the operator and the attractiveness of the food sold. For instance, the daily average number of customers for different food trucks at Central Harbourfront Event Space and Ocean Park can vary to a large extent and the figure of one truck can be even more than one to two times than that of the others. TC understands that there was operator earning more than HK\$13,000 average revenue per day in the first month and operator earning more than HK\$30,000 of average daily revenue in the second trading period, which is comparable to that of the typical restaurants.

In fact, food truck is a business venture similar to running a typical restaurant. While the operating location and its pedestrian flow will definitely affect the sales revenue, whether the food truck operators could make profit depends on whether the operators have implemented proactive operating strategies, such as cost control, labour deployment, whether prices of the food are reasonable and appealing to customers, whether social media platforms or other channels are utilized for promotion, etc. The Government will continue to keep in view the situation of particular operating locations and conduct review from time to time, and maintain flexibility for enhancement, such as considering other operating locations if they meet the positioning and requirements of the Scheme.

Fixed pitch and itinerant hawker is under the policy purview of Food and Health Bureau. The concept and positioning of hawker and food truck are different and should not be compared.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)021

(Question Serial No. 5672)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (1) Director of Bureau's Office, (3) Subvention: Hong Kong Trade Development Council, (5) Subvention: Consumer Council, (7) Subvention: Hong Kong Tourism Board, (9) Subvention: Competition Commission

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Regarding the records management work of your bureau and the departments under your purview over the past year:

1. Please provide information on the number and rank of officers designated to perform such work. If there is no officer designated for such work, please provide information on the number of officers and the hours of work involved in records management duties, and the other duties they have to undertake in addition to records management;
2. Please list in the table below information on programmes and administrative records which have been closed pending transfer to the Government Records Service (GRS) for appraisal;

Category of records	Years covered by the records	Number and linear metres of records	Retention period approved by GRS	Are they confidential documents	Reasons for not having been transferred

3. Please list in the table below information on programmes and administrative records which have been transferred to GRS for retention;

Category of records	Years covered by the records	Number and linear metres of records	Years that the records were transferred to GRS	Retention period approved by GRS	Are they confidential documents

4. Please list in the table below information on records which have been approved for destruction by GRS.

Category of records	Years covered by the records	Number and linear metres of records	Years that the records were transferred to GRS	Retention period approved by GRS	Are they confidential documents

Asked by: Hon CHEUNG Chiu-hung, Fernando (Member Question No. 2448)

Reply:

- The Commerce, Industry and Tourism Branch and family departments (including Invest Hong Kong, Trade and Industry Department, Intellectual Property Department, Hong Kong Observatory and Hongkong Post) of the Commerce and Economic Development Bureau have already appointed the Departmental Records Managers who are assisted by the Assistant Departmental Records Managers and the Records Managers from various Divisions/Sections to implement and monitor records management matters. Since these officers have to take care of duties other than records management work and the time and percentage share in such duties vary over different periods of time, it is difficult to quantify the hours of work involved accurately.

2. The programme and administrative records which have been closed pending transfer to the Government Records Service (GRS) for appraisal in 2016-17 are tabulated below -

Category of records	Years covered by the records	Number and linear metres of records	Retention period approved by GRS	Are they confidential documents	Reasons for not having been transferred
Administrative	1989 - 2016	90 records / 4.53 lm	According to General Administrative Records Disposal Schedules (GARDS)	No	Retention period not yet expired
	1994 - 2017	21 records / 1.05 lm		Yes	
	1962 - 2014	248 records / 10.42 lm		No	Submitted requests to GRS and pending instruction
	1996 - 2013	16 records / 0.80 lm		Yes	
	1998 - 2017	62 records / 2.85 lm		No	Pending submission to GRS
	2013 - 2014	1 record / 0.05 lm		Yes	
Programme	1951 - 2017	3 319 records / 172.97 lm	According to the disposal schedules approved by GRS (RMO2)	No	Retention period not yet expired
	1949 - 2017	4 701 records / 223.97 lm		Yes	
	1946 - 2017	782 records / 39.10 lm		No	Submitted requests to GRS and pending instruction
	1966 - 2000	59 records / 2.95 lm		Yes	
	2011 - 2015	4 records / 0.16 lm	Pending GRS's approval	No	Pending GRS's approval for the retention period
	1949 - 2017	1 141 records / 56.92 lm	According to RMO2	No	Pending submission to GRS
	1956 - 2007	599 records / 29.85 lm		Yes	

3. The programme and administrative records which have been transferred to GRS for retention in 2016-17 are tabulated below –

Category of records	Years covered by the records	Number and linear metres of records	Years that the records were transferred to GRS	Retention period approved by GRS	Are they confidential documents
Administrative	1980 - 1996	4 records / 0.20 lm	2016-17	Retention period advised by GRS	Yes
Programme	1982 - 2013	6 254 records / 174.25 lm	2016-17	According to RMO2	No
	1957 - 2007	333 records / 13.80 lm			Yes

4. The records which have been approved for destruction by GRS in 2016-17 are tabulated below -

Category of records	Years covered by the records	Number and linear metres of records	Years that the records were transferred to GRS	Retention period approved by GRS	Are they confidential documents
Administrative	1952 - 2014	100 668 records / 287.74 lm	Not applicable (Records were destroyed after approval was given by GRS)	According to GARDS	No
	1977 - 2012	62 records / 2.80 lm			Yes
Programme	1947 - 2015	64 965 records / 283.65 lm	Not applicable (Records were destroyed after approval was given by GRS)	According to RMO2	No
		13 955 records / 178.67 lm	2006		
		273 records / 5.90 lm	2009		
		173 994 records / 1 544.87 lm	2014 - 2015		

Category of records	Years covered by the records	Number and linear metres of records	Years that the records were transferred to GRS	Retention period approved by GRS	Are they confidential documents
	2008 - 2011	31 records / 0.23 lm	Not applicable (Records were destroyed after approval was given by GRS)		Yes

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)022****(Question Serial No. 5701)**

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (3) Subvention: Hong Kong Trade Development Council

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Please provide in a table form information on the offices set up by the Hong Kong Trade Development Council outside Hong Kong in the past 5 years, including the estimated provision for each office, the number of staff, the estimated annual operational expenditure, the amount of direct investment in Hong Kong made by the country or region where the office is located and the major types of investment.

Asked by: Dr Hon Fernando CHEUNG Chiu-hung (Member Question No. 2479)

Reply:

From 2012 to 2016, the Hong Kong Trade Development Council (TDC) established 6 offices in the Mainland and overseas. Details are tabulated as follows:

Place	Date of Establishment	Budget in 2017-18 (HK\$)
Chongqing	September 2013	3,860,800
Nanjing	February 2014	4,232,700
Jakarta, Indonesia	July 2014	4,470,500
Delhi, India (consultant office)	July 2014	589,000
Tel Aviv, Israel (consultant office)	May 2016	857,000
Singapore (upgraded from an information gathering centre to a full office)	June 2016	4,749,200

In 2016, the total bilateral trade between Hong Kong and the Mainland, ASEAN, India and Israel are \$3,860.3 billion, \$833.3 billion, \$209.5 billion and \$35.4 billion respectively. To facilitate trade between Hong Kong and the relevant countries or region, the above offices has been supporting TDC's trade promotion activities and helping Hong Kong companies

expand their businesses in the region. As regards the promotion of foreign direct investment in Hong Kong, it is under the purview of Invest Hong Kong.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)023

(Question Serial No. 5702)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (7) Subvention : Hong Kong Tourism Board

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Please provide the timetable for staging light shows and updating “A Symphony of Lights”. Will there be any working group? If yes, what are their composition? Will there be any public consultation?

Asked by: Hon CHEUNG Chiu-hung, Fernando (Member Question No. 2480)

Reply:

In 2017-18, the Tourism Commission (TC), in collaboration with the Hong Kong Tourism Board (HKTb), will launch light shows and update “A Symphony of Lights” with a view to uplifting Victoria Harbour’s night view and providing visitors with a new experience. The creative light shows will be launched to tie in the HKTb’s mega events in summer and winter while the updated “A Symphony of Lights” show is expected to be launched in the fourth quarter of 2017. To inject new elements into the light shows, the TC and the HKTb will study the feasibility of bringing in local and overseas lighting techniques with a view to building up a brand unique to Hong Kong. Details of the light shows are being worked out and will be announced in due course.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)024****(Question Serial No. 5703)**

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (7) Subvention : Hong Kong Tourism Board

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Please tabulate the pilot schemes to be launched for promoting the organisation of tourism events with local characteristics and green tourism as well as their respective budgets.

Asked by: Hon CHEUNG Chiu-hung, Fernando (Member Question No. 2481)

Reply:

Initial plan and proposed budget for the pilot schemes to support tourism activities showcasing Hong Kong's local characteristics and to promote in-depth green tourism are listed below:

Pilot scheme	Pilot scheme to support tourism activities showcasing Hong Kong's local characteristics	Pilot scheme to promote in-depth green tourism
Initial plan	To provide funding support, including promotion-related expenses, to organisers for hosting activities with tourism appeal to showcase Hong Kong's local characteristics.	To provide subsidy to the travel trade for introducing and operating in-depth green tourism products, thus bringing more choices for tourists.
Proposed budget	\$12 million	\$5 million

The Tourism Commission, in collaboration with the Hong Kong Tourism Board, will work out the funding criteria and guidelines for the two pilot schemes and will announce the details in due course.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)025****(Question Serial No. 5704)**

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (7) Subvention : Hong Kong Tourism Board

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Please tabulate the activities to be held for celebrating 20th Anniversary of the Establishment of the Hong Kong Special Administrative Region and their respective budgets.

Asked by: Hon CHEUNG Chiu-hung, Fernando (Member Question No. 2482)

Reply:

To commemorate the 20th anniversary of the establishment of the Hong Kong Special Administrative Region (HKSAR), the Government has allocated an additional funding of \$70 million to the Hong Kong Tourism Board (HKTb) in 2017-18 for the promotion work listed below:

Promotion work	Estimated expenditure
Launch of a large-scale carnival tentatively named "Hong Kong Summer Party"	\$35 million
Addition of elements about the 20 th anniversary of the establishment of the HKSAR to the brand campaign advertisements to be broadcast in the source markets	\$35 million

Besides, the HKTb plans to introduce special or new elements to various mega events, such as setting up 20th anniversary cups for the Hong Kong Dragon Boat Carnival and the Hong Kong Cyclothon as well as incorporating celebratory programmes into the Hong Kong Wine & Dine Festival and the Hong Kong Great November Feast.

In addition, the Tourism Commission and the HKTb work together to invite local attractions and the tourism trade to provide special offers for visitors in celebrating the 20th

anniversary of the establishment of the HKSAR, so as to create a celebratory ambience and to make visitors feel that visiting Hong Kong during the celebration period would be value-for-money. Up to now, about 20 local attractions, airlines and transport service companies have confirmed their participation. The HKTb will consolidate the offers from all participating members of the trade into a booklet, which will be distributed via local trade partners, hotels and the HKTb's visitor information services centres. Besides, the HKTb is promoting the offers through digital and social media platforms, public relations initiatives, as well as trade and consumer events. As the promotion work involves a number of aspects, it is therefore difficult to quantify the expenditure separately.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)026

(Question Serial No. 5772)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (000) Operational expenses

Programme: (4) Posts, Competition Policy and Consumer Protection

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Upon the full implementation of the Competition Ordinance (CO), please advise this Committee on:

- (a) the numbers of complaints received and cases filed for investigation by the Competition Commission (the Commission) so far;
- (b) the staffing provision for the Commission and the division of work among its staff.

Asked by: Hon CHEUNG Chiu-hung, Fernando (Member Question No. 2446)

Reply:

- (a) Upon the full commencement of the Competition Ordinance (“Ordinance”) in December 2015, the Competition Commission (“Commission”) has received over 2 000 complaints and enquiries. As at 28 February 2017, around 130 cases were assessed further, of which 13% had proceeded to in-depth investigation stage.

In order to protect the confidentiality of investigation work, the Commission would not normally reveal the nature and status of its investigation. Nevertheless, the Commission will provide through its annual reports an outline of the investigations carried out by it, a summary of complaints received, and an outline of all proceedings before the Competition Tribunal.

- (b) The Commission’s manpower establishment at the end of 2016-17 is 57. About half of them are expert staff involved in professional works relating to investigations. The remaining staff members provide support to the operation and other functions of the Commission, for instance conducting studies and research, public engagement and advocacy, providing advice on competition matters, etc.. The executive arm of the

Commission is managed by the Chief Executive Officer, who is underpinned by the Senior Executive Director and three Executive Directors to oversee four divisions, namely the (1) Operations Division; (2) Legal Division; (3) Economics and Policy Division; and (4) Corporate Services and Public Affairs Division.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)027****(Question Serial No. 5773)**

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (000) Operational expenses

Programme: (1) Director of Bureau's Office

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Please give details of the duty visits of the Secretary and Under Secretary in each of the past 5 years by setting out in chronological order the following information of each visit: (1) the purpose and place of the visit (2) the post titles of officials met; (3) the number and post titles of Hong Kong officials in entourage; (4) the number of days of the visit; and (5) the total expenditure involved, including expenses on (i) transportation (air tickets and local transportation); (ii) accommodation; (iii) meals; (iv) banquets or entertainment; and (v) gifts.

Date	(a)	(b)	(c)	(d)	(e)	(i)	(ii)	(iii)	(iv)

Asked by: Hon CHEUNG Chiu-hung, Fernando (Member Question No. 2447)

Reply:

In the five financial years from 2012-13 to 2016-17 (as at 28 February 2017), the actual amount of expenditure on official entertainment (both in and outside Hong Kong) of the Director of Bureau's Office are about \$121,000, \$81,000, \$110,000, \$100,000 and \$156,000 respectively.

In line with the Government's green policy, public officers should as far as possible refrain from bestowing gifts/souvenirs to others during the conduct of official activities. According to the existing guidelines, where bestowal of gifts/souvenirs is necessary or unavoidable due to operational, protocol or other reasons, the gift/souvenir items should not be lavish or extravagant and the number should be kept to a minimum. Also, the exchange of gifts/souvenirs should only be made from organisation to organisation. As we do not specifically maintain separate accounts for the expenses on the procurement of gifts and souvenirs, relevant statistics are not available.

Relevant information on the overseas duty visits of the Secretary for Commerce and Economic Development and the Under Secretary for Commerce and Economic Development in the past five financial years is as follows:

Secretary for Commerce and Economic Development

Date of overseas duty visit (Number of visits)	Place of duty visit	Purpose of duty visit	Number of entourage members	Passage expenses (A)	Hotel expenses (B)	Other expenses ^{Note} (C)	Total expenditure (A)+(B)+(C)
2012-13 (19 times)	Wuhan, Japan, (Sandai, Tokyo and Osaka), France (Paris), Russia (Kazan, St. Petersburg and Vladivostok), Hangzhou, Urumuqi, Guangzhou, Dongguan, Ningbo, Shanghai, Tianjin, Beijing, Cambodia (Phnom Penh), Singapore, Indonesia (Lombok and Jakarta) and Shenzhen	To attend meetings and events, and promote Hong Kong (e.g. meetings of Asia-Pacific Economic Cooperation, ceremonies of promotional events, meetings with government officials, local organisations and Hong Kong people)	1-2 each time	About HK\$328,000	About HK\$24,000	About HK\$50,000	About HK\$402,000
2013-14 (21 times)	Guangzhou, Indonesia (Surabaya* and Bali*), Beijing*, Xiamen, Zhengzhou*, Belgium (Brussels), France (Paris), USA (New York, San Francisco and Los Angeles), New Zealand (Auckland and Wellington), Xian*, Guaiyang* Chongqing, Nanning, Dongguan, Switzerland (Zurich and Davos) and South Korea (Seoul)	To attend meetings and events, and promote Hong Kong (e.g. meetings of Asia-Pacific Economic Cooperation, ceremonies of promotional events, meetings with government officials, local organisations and Hong Kong people)	1-2 each time	About HK\$417,000	About HK\$49,000	About HK\$49,000	About HK\$515,000
2014-15 (22 times)	Chongqing, France (Paris), Myanmar (Nay Pyi Taw and Yangon), Qingdao*, Nanjing*, Beijing*, Taichung, Taipei, Shenzhen, Harbin, Guangzhou*, Xinhui, Vietnam (Ho Chi Minh City), South Korea (Seoul), Shanghai, USA (Los Angeles), Japan (Tokyo and Osaka) and Russia (Moscow)	To attend meetings and events, and promote Hong Kong (e.g. meetings of Asia-Pacific Economic Cooperation, ceremonies of promotional events, meetings with government officials, local organisations and Hong Kong people)	1-2 each time	About HK\$324,000	About HK\$45,000	About HK\$53,000	About HK\$422,000

Date of overseas duty visit (Number of visits)	Place of duty visit	Purpose of duty visit	Number of entourage members	Passage expenses (A)	Hotel expenses (B)	Other expenses ^{Note} (C)	Total expenditure (A)+(B)+(C)
2015-16 (21 times)	Shanghai, Nansha, Malaysia (Kuala Lumpur), Wuhan, the Philippines (Boracay*, Cebu*, Manila* and Iloilo*), Jinan, Germany (Berlin), France (Paris and Burgundy), Canada (Toronto and Vancouver), USA (Chicago and San Francisco), Tianjin, Australia (Melbourne, Canberra, Adelaide and Sydney), Chile (Santiago), Mexico (Mexico City), Beijing*, Belgium (Brussels), Thailand (Bangkok), Switzerland (Davos) and Korea (Seoul)	To attend meetings and events, and promote Hong Kong (e.g. meetings of Asia-Pacific Economic Cooperation, ceremonies of promotional events, meetings with government officials, local organisations and Hong Kong people)	0-2 each time	About HK\$648,000	About HK\$59,000	About HK\$76,000	About HK\$783,000
2016-17 (as at 28.2.2017) (13 times)	United Kingdom (London), Lithuania (Vilnius), Canada (Calgary), Laos (Vientiane)*, Guangzhou*, Dalian, Spain (Madrid), Peru (Lima)*, Singapore, the Philippines (Manila), USA (Washington), Beijing*, Israel (Jerusalem and Tel Aviv), Switzerland (Geneva, Bern and Davos) and Ireland (Dublin)	To attend meetings and events, and promote Hong Kong (e.g. meetings of Asia-Pacific Economic Cooperation, ceremonies of promotional events, meetings with government officials, local organisations and Hong Kong people)	0-1 each time	About HK\$662,000	About HK\$40,000	About HK\$56,000	About HK\$758,000

Under Secretary for Commerce and Economic Development (the position was vacant from 28 June 2011 to 15 October 2013)

Date of overseas duty visit (Number of visits)	Place of duty visit	Purpose of overseas duty visit	Number of entourage members	Passage expenses (A)	Hotel expenses (B)	Other expenses ^{Note} (C)	Total expenditure (A)+(B)+(C)
2012-13 (0 time)	N. A.	N. A.	N. A.	HK\$0	HK\$0	HK\$0	HK\$0
2013-14 (0 time)	N. A.	N. A.	N. A.	HK\$0	HK\$0	HK\$0	HK\$0
2014-15 (8 times)	Xiamen, Dongguan, Guangzhou, Huizhou, Shenzhen and Fuzhou	To attend meetings and events (e.g. Hong Kong-Shenzhen Cooperation Meeting)	0	About HK\$9,000	About HK\$3,000	About HK\$2,000	About HK\$14,000
2015-16 (4 times)	Shenzhen, Dongguan, Zhuhai* and Jiangmen*	To attend ceremonies of promotional events and visits (e.g. HK-PRD Industrial and Commercial Circle Goodwill Gathering)	0	About HK\$4,300	About HK\$600	About HK\$900	About HK\$5,800
2016-17 (as at 28.2.2017) (6 times)	Dongguan, Chengdu, Guangzhou*, Shenzhen* and Nanchong*	To attend meeting, ceremonies of promotional events and visits (e.g. HK-PRD Industrial and Commercial Circle Goodwill Gathering; and HK-GD Cooperation Joint Conference)	0	About HK\$20,000	About HK\$3,000	About HK\$3,000	About HK\$26,000

* With sponsorship (such as hotel accommodation and/or local transportation) offered by government agencies / organizers of events. The actual value of the sponsorship is not available.

Note: Other expenses include charges for subsistence allowance for duty outside Hong Kong and sundry expenses (if applicable).

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)028

(Question Serial No. 7080)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (-) -

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Please provide the estimates and plans for promoting wine for the past five years as well as the next five years.

Please provide the estimated tax forgone annually since the exemption of wine duty.

Please provide the economic benefits generated annually by the exemption of wine duty.

Has the Bureau set up any working group to oversee the promotion of wine? If yes, who are the members of the working group?

Will the Bureau consider promoting the development of other types of liquor, such as whisky, in Hong Kong?

Asked by: Hon CHEUNG Chiu-hung, Fernando (Member Question No. 2478)

Reply:

The exemption of wine duty in 2008 tapped the potential of wine-related businesses and benefitted the economy. Hong Kong has since then become a regional wine trading and distribution hub, as well as the second largest wine auction centre in the world. In 2016, Hong Kong's wine import amounted to about \$12 billion, representing an around sevenfold growth over that in the full year of 2007. In the same year, Hong Kong's wine re-export amounted to about \$5.2 billion, representing an around eightfold growth over that in the full year of 2007. The boom in wine trade has contributed to the growth of related businesses such as logistics, exhibition, catering and education. The number of establishments conducting wine-related businesses was around 2 000 (as at the third quarter of 2016), representing an around twofold growth over that in 2007. As wine duty has been

exempted, relevant information on wine are no longer kept for computing the related tax. Hence, data on the related tax revenue forgone is not available.

Details of our efforts in the past five years and coming five years to support the further development of wine-related businesses are given below –

- (a) trade and investment promotion: this Branch co-ordinates the organisation and promotion work of relevant agencies, including promotion events such as the Hong Kong International Wine & Spirits Fair and the Hong Kong Wine and Dine Festival launched in 2008 and 2009 respectively. The Trade Development Council and the Government's economic and trade offices will further assist the industry in capitalising on potential markets not only on the Mainland, but also those in the region. We will also assist the Hong Kong Quality Assurance Agency (HKQAA) in promoting on the Mainland its wine registration scheme, to underline Hong Kong traders' reputation;
- (b) clearance facilitation: the customs facilitation scheme for wine entering the Mainland through Hong Kong was enhanced in 2014 and expanded in scope in 2015 to cover all ports in the Beijing, Shanghai, Tianjin, Guangzhou and Shenzhen customs regions. The scheme enables wine consignments to get instant customs clearance on arrival at designated Mainland ports. The Customs and Excise Department (C&ED) will continue to step up promotion and explore further expansion in scope of the scheme;
- (c) manpower training and education: apart from courses run by different institutes, we will continue to encourage the industry and training bodies to launch other wine-related courses to meet the industry's needs;
- (d) combating counterfeit wine: C&ED's specialised investigation team will continue to ally with the industry to cooperate on market monitoring, and maintain liaison with Mainland and overseas Customs; and
- (e) wine storage: we will continue to assist the HKQAA in promoting its scheme for accrediting wine storage facilities, and take part in the Development Bureau's related feasibility studies on the long-term strategy for cavern development, exploring the feasibility of housing wine cellars in rock caverns.

The work arising from the implementation of the above measures will continue to be carried out through re-deployment of existing resources. The related expenditure is subsumed under the establishment of and provision for this Branch. It is difficult to quantify such expenditure separately. Regarding the Hong Kong International Wine & Spirits Fair and the Hong Kong Wine and Dine Festival mentioned in (a) above, the costs are met through government subvention, charging of fees and commercial sponsorships.

Wine promotion events we supported also cover other alcoholic beverages. We will continue to keep in view market development.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)029

(Question Serial No. 7090)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Please inform this Committee of the financial position of the Mega Events Fund (MEF). Has any MEF-supported event ploughed back its surplus into the Fund?

Asked by: Hon CHEUNG Chiu-hung, Fernando (Member Question No. 1310)

Reply:

The Mega Events Fund (MEF) was established in 2009 following the funding approval of the Finance Committee (FC) of the Legislative Council (LegCo). Since its inception, 13 rounds of applications have been invited and a total maximum sum of \$154 million has been granted to support 30 mega events. FC of LegCo approved in 2012 to allocate \$150 million for extending the operation of the MEF for 5 years until end March 2017 and to modify the MEF into a two-tier system. By end February 2017, the MEF has an uncommitted balance of some \$47 million.

Before the extension of the operation of the MEF in 2012, 2 events generated a surplus and a total sum of around \$1.3 million was returned to the Government accordingly. Under the modified Tier-two Scheme, should the MEF-supported events generate a surplus, the organisers are required to return any unspent funds and operating surplus generated from the events to the Government. Amount of the refund is up to the ceiling of the approved funding for the respective events. The organisers may also apply to the MEF Assessment Committee (AC) for retaining the operating surplus generated from a Tier-two event for the sole purpose of organising the same event in the following year in Hong Kong. Under the modified Scheme, the organisers of 2 MEF-supported events returned a surplus of around \$0.8 million to the Government accordingly, while the organisers of another 3 MEF-supported events were approved by the MEF AC to retain the surplus of a total sum of some \$0.9 million generated from the respective events for organising the same events in the following year in Hong Kong.

We adjust our tourism development strategy from time to time to cater for the changing preference of our visitors and meet the challenges of the regional competition posed by other tourist destinations. The MEF has operated for 8 years and will expire by the end of March 2017. Upon review, the Government considers that the MEF has achieved its objectives of assisting Hong Kong to become an events capital of Asia and identifying events with good branding impact. The MEF has supported a total of 30 events, including new international mega events with good branding impact and existing events with their scale enhanced through the support of MEF. Some of the MEF-supported events have become self-sustainable and continue staging without seeking for our funding support subsequently. However, amongst the 30 MEF-supported events, 22 are repeated events (involving 6 events). We note that high-yield overnight visitors pursue tourism product diversification. Apart from mega events, they are also interested in participating in tourism activities showcasing the cultural characteristics of the travel destination. Hence, it is essential for the Government to adjust our strategy to maintain Hong Kong's attractiveness and competitiveness.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)030

(Question Serial No. 1221)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

1. Regarding the development of new tourist attractions, what new attractions have been developed in Hong Kong in the past 3 years?
2. Please list in tabular form the number of tourists to the top 5 tourist attractions in Hong Kong in the past 3 years.
3. Please provide the statistics on Mainland visitors to Hong Kong in the past year by province/ municipality/ autonomous region.

Asked by: Hon CHEUNG Kwok-kwan (Member Question No. 2)

Reply:

1. The Government all along has overall planning of tourism facilities in the short, medium and long term with a view to showcasing the unique elements of Hong Kong, promoting diversification of tourism product, expanding source markets and attracting more high-spending overnight visitors to Hong Kong.

In recent years, we have strengthened the strategic planning direction of promoting cultural and creative tourism, including revitalisation of historic buildings into creative and cultural landmark, for instance, the PMQ, Jao Tsung-I Academy and the Tai O Heritage Hotel, to enhance Hong Kong's tourism appeal in cultural and historical aspect. The Ani-Com Park@Harbour "FUN", which is located near the Gold Bauhinia Square in Wan Chai North, opened in late April 2016 to provide for locals and visitors an exhibition area featuring local comic characters. Besides, the new Central Waterfront has become a popular destination for visitors but is also being put to good use for large-scale events such as the Wine and Dine Festival and the FIA Formula E Hong Kong ePrix. The Hong Kong Disneyland launched new "Star

Wars"-themed offerings in June 2016 while a new themed area "Iron Man Experience" featuring the popular Marvel character was opened in January 2017.

2. According to the Hong Kong Tourism Board's (HKTB) Departing Visitor Survey, Hong Kong's top five tourist attractions and the percentage of visitors having visited them in the past three years were:

Year	First (%)	Second (%)	Third (%)	Fourth (%)	Fifth (%)
2014	Avenue of Stars (29%)	Victoria Peak/ Peak Tower (25%)	Hong Kong Disneyland (21%)	Ocean Park (18%)	Open-air Market - Ladies' Market (17%)
2015	Victoria Peak/ Peak Tower (24%)	Avenue of Stars^ (22%)	Hong Kong Disneyland (19%)	Open-air Market - Ladies' Market (15%)	Ocean Park (13%)
2016	Victoria Peak/ Peak Tower (23%)	Hong Kong Disneyland (17%)	Open-air Market - Ladies' Market (14%)	Ocean Park (12%)	Open-air Market - Temple Street (10%)

^ Temporarily closed for repair and improvement works since 8 October 2015.

3. According to the HKTB's survey with overnight visitors, the numbers of Mainland visitors from each province / municipality directly under the Central Government / autonomous region to Hong Kong in 2016 were:

Province / municipality directly under the Central Government / autonomous region	Visitor arrivals ('000)
Guangdong	32,670
Shanghai	1,640
Beijing	1,340
Fujian	1,010
Zhejiang	870
Jiangsu	770
Hubei	510
Hunan	440
Guangxi	430
Sichuan	410
Liaoning	290
Shandong	280
Jiangxi	260
Chongqing	240
Henan	210
Shaanxi	170

Province / municipality directly under the Central Government / autonomous region	Visitor arrivals (‘000)
Tianjin	160
Yunnan	130
Anhui	120
Hebei	120
Hainan	120
Heilongjiang	120
Guizhou	110
Jilin	110
Shanxi	80
Inner Mongolia	50
Others#	100
Total	42,780

Others include Gansu, Xinjiang, Ningxia, Qinghai and Tibet.

Remarks: Owing to rounding, the total may differ from the sum of the individual figures.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)031

(Question Serial No. 1222)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

1. In the Budget, a provision was earmarked for updating “A Symphony of Lights”, a show which has been staged for more than a decade. What are the actual amount involved and the relevant details?
2. How many buildings on both sides of the Victoria Harbour are participating in “A Symphony of Lights”? Does the Government have to offer the participating buildings any allowance or benefits (e.g. electricity tariffs and rentals etc.)?
3. There is now no lighting installation in the area around the Central Government Complex in Tamar. It is such a pity that the area appears pitch black as viewed from the other side of the Harbour at night. Will the Government explore the possibility of installing additional lightings to add colours to the night view of the Harbour?

Asked by: Hon CHEUNG Kwok-kwan (Member Question No. 3)

Reply:

1. In 2017-18, the Government will provide an additional funding of \$33 million to the Hong Kong Tourism Board (HKTb) for launching light shows and updating “A Symphony of Lights”, of which \$10 million is earmarked for updating the lighting effects and music of “A Symphony of Lights” with a view to uplifting the Victoria Harbour’s night view and provide visitors with a new experience. It is expected that the updated “A Symphony of Lights” show will be launched in the fourth quarter of 2017.

2. At present, “A Symphony of Lights” show covers 47 public and private buildings on both sides of Victoria Harbour. The show involves public and private participation. Both the Government and the participating private buildings contribute to the investments and the recurrent costs for the show. The participating private buildings are responsible for the expenditure for their respective lighting installations and associated recurrent costs (e.g. electricity charges, ongoing maintenance costs, etc.). The Government has not provided any subsidy to the participating private buildings.
3. In drawing up the content of the updated show, the Tourism Commission, in collaboration with the HKTb, will examine other proposals for introducing new elements to enhance the attractiveness of the show, which may include the possibility of inviting new buildings to participate in the show so as to build up a brand unique to Hong Kong.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)032

(Question Serial No. 1223)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

1. Under Matters Requiring Special Attention in 2017-18, the Government states that it will “develop Hong Kong into a leading cruise hub in the region”. What are the specific measures to be taken?
2. At present, what is the total number of cruise vessels berthed at the Kai Tak Cruise Terminal each year? What percentage of overall utilisation does it account for? Has the original target been met?
3. What is the vacancy rate of shops in the Kai Tak Cruise Terminal?

Asked by: Hon CHEUNG Kwok-kwan (Member Question No. 4)

Reply:

1. The Government has all along been very committed to the development of cruise tourism in Hong Kong. As far as infrastructural facilities are concerned, the Kai Tak Cruise Terminal has already commissioned in mid-2013, and is operated by a terminal operator on commercial basis. Together with the privately-owned Ocean Terminal as well as other berthing facilities, Hong Kong is well equipped with the necessary infrastructure and supporting facilities for accommodating different types of international cruise ships.

Apart from infrastructural facilities, the development of cruise tourism has to be complemented by suitable publicity and promotional efforts. The Hong Kong Tourism Board (“HKTB”) has been actively promoting cruise tourism. Its major initiatives in 2017-18 for promoting cruise tourism include –

(i) Strengthen Hong Kong's image as Asia's cruise hub

Continue to participate in large-scale international industry events to promote the appeal and advantages of Hong Kong as a cruise destination and to reinforce Hong Kong's position as a cruise hub in the region.

(ii) Encourage cruise companies to include Hong Kong in their cruise itineraries

Continue to leverage on the "Asia Cruise Cooperation" ("ACC") to cooperate with the neighbouring ports, so as to encourage cruise lines to include Hong Kong and other ACC ports in their cruise itineraries. The ACC ports will also organise joint promotions to induce more consumers to choose cruise travel products that cover the ACC ports, in particular Hong Kong.

(iii) Raise consumers' awareness of and demand for cruise travel

Launch publicity campaigns to promote the appeal of cruise holidays through digital and social media as well as public relations activities, targeting at consumers of various markets with a view to raising their interests in and demand for cruise tourism. In the long run, the initiatives will also help enhance the potential of Hong Kong as a source market for cruise tourism.

Moreover, the Government will allocate an additional provision of \$16 million for the HKTB in 2017-18 to continue implementing the "fly-cruise" programme, to support the industry in developing shore excursion products and to further cultivate the source markets in collaboration with cruise lines. Taking into account the additional provision for the HKTB as mentioned above, the HKTB's total budget for promoting cruise tourism in 2017-18 is around \$31.5 million.

2. The business of the Kai Tak Cruise Terminal ("KTCT") continues to grow steadily. The total number of ship calls in 2016 was 95 (involving 105 calendar days), representing a 70% increase from the 56 ship calls (involving 70 calendar days) in 2015. The cruise vessels calling at KTCT have also become more diversified, and the number of international cruise brands calling at KTCT has doubled from 9 in 2015 to 18 in 2016. According to our estimate, the number of ship calls at KTCT will continue to increase, reaching almost 200 in 2017.

3. The floor area of the ancillary commercial areas at KTCT is about 5 600 square metres. As at 1 March 2017, over 93% of the floor area of the ancillary commercial areas was leased out. However, one of the merchants who occupies about 2 200 square metres has ceased operation since June 2016 due to operational problems.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)033

(Question Serial No. 1225)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

1. What publicity and education work on the Belt and Road Initiative was carried out by the Government during the past year?
2. With which countries along the Belt and Road has the Hong Kong Government concluded trade or co-operation agreements?
3. What is the total trade volume between Hong Kong and countries along the Belt and Road last year?
4. The Government stated that it would beef up the Belt and Road Office's establishment and resources next year. Please advise this Committee of the current manpower deployment in the office and the amount of funding it received each year, as well as the manpower and resources planned to be increased.

Asked by: Hon CHEUNG Kwok-kwan (Member Question No. 6)

Reply:

The Belt and Road Office' and other relevant bureaux and departments' replies are as follow –

1. The Chief Executive and the relevant Principal Officials have highlighted the importance of the Belt and Road Initiative to Hong Kong, Hong Kong's competitive edge and the roles it can play when speaking at public events in Hong Kong and overseas where appropriate. The Commissioner for Belt and Road and officers of the Belt and Road Office (BRO) have been invited to speak at events organised by chambers of commerce, professional bodies,

think tanks, tertiary institutions, schools, associations, etc., to increase the community's understanding of the Belt and Road Initiative and to promote Hong Kong's participation.

The Information Services Department (ISD) has produced video and exhibition contents as well as designs of print advertisements, to help government departments, particularly overseas offices, publicise Hong Kong's role in the Belt and Road Initiative. ISD has also issued posts on the social media and carried articles in print advertorials of overseas newspapers / uploaded articles to media websites. BRO is studying with ISD how to further improve the promotional work on "Belt and Road".

The Home Affairs Bureau and the Committee on the Promotion of Civic Education have also included information about the "Belt and Road" strategy through its various promotional initiatives.

Leisure and Cultural Services Department (LCSD) organised exhibitions related to Belt and Road in 2016 to enhance the public's understanding of Belt and Road countries, including "Across the Oceans: the Local Connections and Global Dimensions of China's Maritime Silk Road" exhibition which reflects upon the impact and contribution of the Maritime Silk Road on the development of the world's civilisations. In addition, LCSD has collaborated with consulates of various Asian countries in Hong Kong under the Belt and Road Initiative to invite Asian residents in Hong Kong to showcase their traditional music, dance and other arts performances in the annual Asian Ethnic Cultural Performances. The show promotes friendship and co-operation among the different regions.

On education, in alignment with the direction for the ongoing curriculum renewal, the Education Bureau (EDB) incorporates contents about the countries and regions along the "Belt and Road" (B&R) in relevant subject curricula and student activities to enable students to understand and enquire about the history, religion, culture and current situations, etc. of these countries/regions, the vision and action plans for promoting the B&R initiative, and its importance to the future development of Hong Kong as well as the opportunities created. Students are encouraged to learn the languages of the countries/regions along the B&R to enhance their ability to communicate with the peoples in these countries/regions. Starting from the 2016/17 school year, the subsidy rate of the Diversity Learning Grant – Other Languages has been increased from \$3,500 to \$3,900 per senior secondary student per annum. Schools are encouraged to organise related student activities and competitions such as project learning competitions and study trips to cities along the "Silk Road" of the Mainland and other countries to explore and reflect on how they can contribute to the B&R initiative. The quota for students' Mainland exchange programmes along the Silk Road has been increased to 5 600 in the 2016/17 school year, and the "Belt and Road" initiative has been included as one of the 2016/17 Priority Themes of the Quality Education Fund.

With a view to attracting outstanding students from "Belt and Road" regions to study in Hong Kong, the Hong Kong Scholarship for "Belt and Road" Students (Indonesia) was launched in 2016/17 academic year. Ten Indonesian students have been awarded the scholarships and they are pursuing undergraduate studies in Hong Kong. In the 2017/18 academic year, there will be two more "Belt and Road" Scholarships funded by private donations for students from Malaysia and Thailand. All awardees will receive a scholarship of up to HK\$120,000 per annum to cover tuition fees. In addition, each financially needy awardee will be provided with a bursary of HK\$50,000 per annum.

While the scholarship scheme is being reviewed, EDB will continue to consider expanding it to cover students from more “Belt and Road” countries with the support of private donations.

Commerce and Economic Development Bureau launched the HK\$200 million Professional Services Advancement Support Scheme in November 2016 to support Hong Kong’s professional services sector to spearhead pro-active outreaching (including to the Belt and Road regions) promotion efforts and to improve service offerings. Under the scheme, the maximum amount of grant for an approved project is 90% of the total eligible project cost, or HK\$3 million, whichever is lower.

2. Among the major Belt and Road economies, Hong Kong has signed the “Mainland and Hong Kong Closer Economic Partnership Arrangement” (CEPA) with the Mainland, and Investment Promotion and Protection Agreements (IPPAs) with Kuwait and Thailand. Hong Kong has signed agreements on strengthening economic and trade co-operation with Iran, Kuwait, Malaysia and Thailand.

Hong Kong is continuously expanding its Free Trade Agreement (FTA) and IPPA networks. We are negotiating respectively FTAs with the Association of Southeast Asian Nations, Georgia and Maldives. As for IPPAs, we have concluded negotiations with Bahrain, Myanmar and the United Arab Emirates, and are negotiating with Russia and Iran.

Hong Kong Government has concluded other co-operation agreements with the following countries along the Belt & Road:

Co-operation agreements	Countries along the Belt and Road which have signed with Hong Kong
Double Taxation Avoidance Agreements	Brunei, Czech Republic, Hungary, Indonesia, Kuwait, Malaysia, Qatar, Romania, Russia, Singapore, Sri Lanka, Thailand, United Arab Emirates and Vietnam
Consular Agreements	Cambodia, India, Philippines, Russian Federation and Vietnam
Air Services Agreements and Air Services Transit Agreements	Bahrain, Bangladesh, Belarus, Brunei, Cambodia, Croatia, Czech Republic, Hungary, India, Indonesia, Israel, Jordan, Kuwait, Kyrgyz, Laos, Lithuania, Malaysia, Maldives, Mongolia, Myanmar, Nepal, Oman, Pakistan, Philippines, Qatar, Russia, Saudi Arabia, Singapore, Sri Lanka, Thailand, Turkey, Ukraine, United Arab Emirates and Vietnam
Mutual Legal Assistance Agreements	Czech Republic, India, Indonesia, Israel, Malaysia, Philippines, Poland, Singapore, Sri Lanka and Ukraine
Surrender of Fugitive Offenders Agreements	Czech Republic, India, Indonesia, Malaysia, Philippines, Singapore and Sri Lanka

Co-operation agreements	Countries along the Belt and Road which have signed with Hong Kong
Transfer of Sentenced Persons Agreements	Czech Republic, India, Mongolia, Philippines, Sri Lanka and Thailand

3. Total Merchandise Trade between Hong Kong and major economies / countries along the Belt and Road are listed below:

Major economies along the Belt and Road	Total Merchandise Trade (Value in HK\$ Billion)
The Mainland Of China	3,860.30
Northeast Asia	
Mongolia	0.27
Russia	21.05
Southeast Asia	
Singapore	322.98
Indonesia	38.72
Malaysia	117.86
Thailand	130.53
Viet Nam	126.44
Philippines	85.17
Cambodia	9.11
Myanmar	2.13
Laos	0.19
Brunei Darussalam	0.19
South Asia	
India	209.47
Pakistan	5.19
Sri Lanka	4.95
Bangladesh	13.10
Nepal	1.26
Maldives	0.15
Bhutan	0.01
West Asia and North Africa	
United Arab Emirates	82.61
Kuwait	1.49
Turkey	10.60
Qatar	1.53
Oman	1.49
Lebanon	0.55

Major economies along the Belt and Road	Total Merchandise Trade (Value in HK\$ Billion)
Saudi Arabia	12.15
Bahrain	1.21
Israel	35.43
Yemen	0.15
Egypt	4.56
Iran	3.05
Jordan	1.69
Syrian Arab Republic	0.02
Iraq	0.96
Afghanistan	0.04
Azerbaijan	0.17
Georgia	0.29
Armenia	0.55
Central and Eastern Europe	
Poland	12.78
Albania	0.06
Estonia	1.04
Lithuania	0.94
Slovenia	1.07
Bulgaria	1.08
Czech Republic	6.93
Hungary	15.50
Macedonia	0.15
Serbia	1.87
Romania	3.72
Slovakia	2.58
Croatia	0.42
Latvia	0.62
Bosnia and Herzegovina	0.16
Montenegro	0.06
Ukraine	1.27
Belarus	0.50
Republic Of Moldova	0.09
Central Asia	
Kazakhstan	0.60
Kyrgyzstan	0.06
Turkmenistan	0.06
Tajikistan	0.01
Uzbekistan	0.16

4. At present, the Belt and Road Office (BRO) has 13 non-permanent posts, namely 1 Commissioner for Belt and Road (appointed on pro-bono basis), 1 Deputy Commissioner for Belt and Road (Post-retirement Service Contract post), 1 time-limited Administrative Officer grade post, 2 time-limited Trade Officer grade posts, 1 Executive Officer, 1 Personal Secretary and 3 Clerical grade posts on loan from the General Grades Office, 1 Motor Driver grade post on loan from the Government Logistics Department and 2 non-civil service contract posts (one for research work and the other administrative work). The provision of BRO for 2016-17 is \$25.429 million.

In 2017-18, BRO plans to create 16 permanent posts, including 2 Directorate grade posts, 2 Administrative Officer grade posts, 2 Trade Officer grade posts, 1 Information Officer grade post, 2 Executive Officer grade posts, and 7 posts belonging to the Secretarial, Clerical and Chauffeur grades, to replace the existing non-permanent establishment and increase manpower to ensure that the office can take forward the work under the Belt and Road Initiative more effectively and on a long-term basis. The estimated overall expenditure of BRO for 2017-18 is \$35.038 million which is mainly for salaries and other operating expenses. We will report to the relevant Panel of the Legislative Council the detailed organisation and establishment of BRO, and submit our proposal for the creation of the Directorate grade posts to the Establishment Subcommittee and the Finance Committee of the Legislative Council, in accordance with the procedure for creating Directorate grade posts.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)034

(Question Serial No. 1242)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Policy Address proposes to redevelop the Wan Chi Sports Ground into a convention and exhibition venue. It is also said that the Commerce and Economic Development Bureau (CEDB) will oversee the relevant consultation. In this regard, please advise this Committee of how CEDB will conduct the consultation and such details as the scope, format and timetable.

Asked by: Hon CHEUNG Kwok-kwan (Member Question No. 23)

Reply:

The Chief Executive proposed in this year's Policy Address the comprehensive development of the Wan Chai Sports Ground to provide convention and exhibition (C&E), sports, recreation and other community facilities, with a view to optimising land use. The Government has invited the Hong Kong Trade Development Council (TDC) to conduct a feasibility study on the proposal. The Commerce and Economic Development Bureau will gauge the views of the business community and C&E industry, whereas the Home Affairs Bureau will consult schools, the sports sector and local community on the arrangement of sports, recreation and community facilities. The Government will also gather the views of the local community (including the Wan Chai District Council) on the proposed comprehensive development, such as the impact on the environment, traffic, etc. The feasibility study will consider all such views.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)035

(Question Serial No. 0881)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (3) Subvention: Hong Kong Trade Development Council

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Regarding the Government's initiatives to develop Hong Kong into the premier Belt and Road intelligence hub and project matching platform, to reinforce Hong Kong as the gateway to Asia for global businesses, and to tap business opportunities arising from the 13th Five-Year Plan, please advise this Committee of the publicity activities and estimated expenditure involved. Will the publicity efforts include promoting Hong Kong as a financing or asset management platform for Belt and Road-related development projects for creating more opportunities for the development of our financial sector?

Asked by: Hon CHEUNG Wah-fung, Christopher (Member Question No. 35)

Reply:

The Hong Kong Trade Development Council (TDC) commences a new three-year planning cycle in 2017-18. One of the focuses is to fortify Hong Kong's central role as a two-way investment and business hub for Asia. TDC's aim in 2017-18 is to develop Hong Kong into the premier Belt and Road intelligence hub and investment integrator while championing Hong Kong as the gateway to Asia for global businesses. The Mainland will be a particular priority for our service providers with the many opportunities arising from the 13th Five-Year Plan. Key initiatives include:

Develop Hong Kong into the premier Belt and Road intelligence hub and project matching platform

- Enrich the Belt and Road portal with case references on services provided by Hong Kong companies in Belt and Road countries, as well as with the addition of key industry players in risk management, environmental and related technology in the database of Hong Kong service providers;

- Build the Belt and Road Summit as the premier event for Belt and Road in the region and globally;
- Include Belt and Road-themed elements into its anchor services industry events, such as the Asian Financial Forum, Asian Logistics and Maritime Conference, Hong Kong International Film and TV Market and Hong Kong International Licensing Show;
- Establish strategic partnerships with key financial, research, investment and infrastructure-related organisations in Hong Kong, the Mainland, priority Belt and Road markets and related economies; and
- Organise investment and infrastructure-related missions to priority Belt and Road markets, and build business connections through TDC's worldwide network.

Reinforce Hong Kong as the gateway to Asia for global businesses

- Organise anchor conferences to promote Hong Kong's financial, logistics and maritime, intellectual property and licensing services;
- Organise anchor events in Hong Kong, including *Smartbiz Expo* and *DesignInspire* to promote the city's creative, innovation and technology industries; and
- Organise anchor campaign overseas, such as *Think Asia*, *Think Hong Kong* in London, United Kingdom and *In Style • Hong Kong* in Kuala Lumpur, Malaysia, to promote the Hong Kong city brand.

Tap business opportunities arising from the 13th Five-Year Plan

- Transform *SmartHK* into a conference-led event focusing on innovation and upgrading related services;
- Organise *Creativity in Business* promotions in Mainland cities;
- Organise *Building for the Future* campaign in Fujian Province to explore opportunities in urbanisation and balanced development;
- Expand joint Mainland outbound investment programme from mature economies to cover Belt and Road economies as well as new areas such as infrastructure and manufacturing relocation; and
- Conduct research on Hong Kong's role in the Guangdong-Hong Kong-Macao Big Bay Area.

Regarding the promotion of financial services, TDC will help the industry tap Belt and Road opportunities through a wide range of events such as seminars, outbound missions, business matching, etc. Key initiatives include organising *Asian Financial Forum* and *Belt and Road Summit* in Hong Kong, *Think Asia*, *Think Hong Kong* in London, United Kingdom, *In Style • Hong Kong* in Kuala Lumpur, Malaysia, as well as overseas investment missions. TDC will also promote the competitive edges of Hong Kong's financial services industry through its promotional activities related to the Belt and Road Initiative.

The above are part of the work covered under Programme (3) to be carried out by TDC's existing staff. We do not have breakdown of staff establishment and expenditure for individual items.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)036

(Question Serial No. 0882)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (7) Subvention : Hong Kong Tourism Board

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Government has allocated additional funding to the Hong Kong Tourism Board (HKTb) for stepping up efforts in promoting tourism in Hong Kong. Yet, visitor arrivals are estimated to drop slightly in the coming year. The Government explains that this is arising from unforeseen global or regional economic uncertainties, security threats and health risks. Should there be no additional funding allocated to HKTb, to what extent are visitor arrivals estimated to drop further? What are the said security threats referring to? Are they global or local?

Asked by: Hon CHEUNG Wah-fung, Christopher (Member Question No. 36)

Reply:

Hong Kong remains a very popular travel destination as it is a safe city and offers diverse experiences to tourists. Tourism is however an industry that can be easily affected by the external environment such as global economic development, economic situation of individual regions, currency issues, changes in travel policies and the security threats in other regions, etc. Therefore, it is difficult for the Hong Kong Tourism Board (HKTb) to quantify the growth of visitor arrivals brought by the additional funding allocated by the Government. Nevertheless, we believe that continuous promotion work can uphold Hong Kong's competitiveness as a leading travel destination.

In 2017-18, the HKTb will deploy the additional funding from the Government to take forward a number of initiatives in local and overseas markets for stepping up promotion of home-grown events; further promoting the diversification of tourism products; attracting more high-spending overnight visitors; strengthening Hong Kong's destination appeal; and strengthening support to the travel trade, in order to boost tourism industry. Such promotion work will help ensure a steady, healthy and long-term development of the

tourism industry, and head towards the target of product diversification and value-added tourism.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)037****(Question Serial No. 0262)**

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Since the launch of food truck in February this year, it is reported that quite a number of operators reflected the concerns about low pedestrian flow at some operating locations. Take the Golden Bauhinia Square in Wanchai for instance. The pitch mainly relies on the patronage of tourists. But most of them are tour groups that only make a brief stop at the Square for around half an hour. Their patronage is light. As for the Central Harbourfront, the visitor flow only increases as and when large scale functions are held. As regard the pitch at Wong Tai Sin Temple, it is located some distance away from the temple entrance. With few and inconspicuous direction signs, it is not readily accessible for tourists. Without any shelter, the pitch is exposed to scorching sun and drenching rain. This turns away many customers. Moreover, the prohibition against distribution of publicity flyers under the contract makes it difficult for the operators to open up market sources. The licensing conditions also prohibit placing any items, including tables and publicity materials, in the pitch. This makes it inconvenient for customers as they must either take away the food or eat on foot. In light of the concerns about excessive restrictions and inadequate ancillary facilities, will the Administration announce the timetable for the review (including relaxation of licensing requirements, number of licences, enhancement of ancillary facilities, popularization, etc) and implementation of the improvement measures to take forward the initiative for spearheading and monitoring the implementation of the pilot scheme on food trucks as mentioned in the Estimates?

Asked by: Hon CHIANG Lai-wan (Member Question No. 38)

Reply:

The Food Truck Pilot Scheme (the Scheme) is positioned as a tourism project. Under the framework of the Scheme, food trucks shall operate at the designated attractions. In fact, there are many restaurants in Hong Kong and their burdens of rental fees are not light. In identifying the location of food truck pitch, the Tourism Commission (TC) has taken into

consideration the need of avoiding direct competition with the existing restaurants. Furthermore, the streets in Hong Kong are generally narrow and the truck occupies a sizeable area on the road. It will cause obstruction if food trucks are allowed to be stationed anywhere. TC has also taken into account various factors including the availability of venue management for the locations, enough room for accommodating food trucks and queuing up by customers, adequate patronage, accessibility, etc. and struck a balance of all considerations in identifying the eight operating locations.

The framework of the Scheme has provided sufficient flexibility for the operation of food trucks. Food trucks are allowed to adjust their operating hours according to their need after negotiation with venue management. Food truck operators can also devise other food dishes besides the mandatory signature dish (the dish presented at the Cook-off Challenge) at different operating locations. Food truck operators are also allowed to formulate their own promotional strategies without restrictions. Notwithstanding this, operators have to comply with the licensing requirements of Food Factory Licence (FFL) issued under the Food Business Regulation (Cap 132X) and ensure their fulfillment of the high standard of food safety and environmental hygiene in Hong Kong. Food truck operation follows commercial principles. Similar to the practice of paying rental fee for running a typical restaurant, food truck operators also have to pay service charge. At present, operators are only required to pay a service charge ranging between \$302 - \$723 per day which already includes parking fee, electricity and cleansing services, etc. Some operators have expressed satisfaction to TC on the current supporting services and arrangement of the Scheme.

According to TC's observation on the operation of food trucks, business may be different for different operators operating at the same location, which hinges very much on the business strategies of the operator and the attractiveness of the food sold. For instance, the daily average number of customers for different food trucks at Central Harbourfront Event Space and Ocean Park can vary to a large extent and the figure of one truck can be even more than one to two times than that of the others. TC understands that there was operator earning more than HK\$13,000 average revenue per day in the first month and operator earning more than HK\$30,000 of average daily revenue in the second trading period, which is comparable to that of the typical restaurants.

In fact, food truck is a business venture similar to running a typical restaurant. While the operating location and its pedestrian flow will definitely affect the sales revenue, whether the food truck operators could make profit depends on whether the operators have implemented proactive operating strategies, such as cost control, labour deployment, whether prices of the food are reasonable and appealing to customers, whether social media platforms or other channels are utilized for promotion, etc. The Government will continue to keep in view the situation of particular operating locations and conduct review from time to time, and maintain flexibility for enhancement, such as considering other operating locations if they meet the positioning and requirements of the Scheme.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)038****(Question Serial No. 0277)**

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (7) Subvention : Hong Kong Tourism Board

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Regarding the work on promoting cruise tourism and reinforcing Hong Kong's position as a leading cruise hub in the region, please advise this Committee on:

1. the expenditures for promoting cruise tourism in the past 5 years and the projected expenditures for such promotion work in the next 5 years;
2. the statistics on the respective numbers of cruise vessels calling at Hong Kong as a homeport and as a port-of-call, the numbers of cruise passengers, and the average per capita spending of cruise visitors in the past 5 years, if available;
3. the projected numbers of cruise vessels calling at Hong Kong as a homeport and as a port-of-call as well as the projected number of cruise visitors in the next 5 years, if available; and
4. the performance indicators for assessing Hong Kong's position as a leading cruise hub.

Asked by: Hon CHIANG Lai-wan (Member Question No. 46)

Reply:

1. The expenditures of the Hong Kong Tourism Board ("HKTb") for promoting cruise tourism in the past 5 years are tabulated as follows:

Year Expenditure	Actual expenditure in 2012-13	Actual expenditure in 2013-14	Actual expenditure in 2014-15	Actual expenditure in 2015-16	Revised estimates in 2016-17
HK\$ (million)	13.32	15.59	18.01	14.21	25.16

The Government will allocate an additional provision of \$16 million for the HKTB in 2017-18 to continue implementing the “fly-cruise” programme, to support the industry in developing shore excursion products and to further cultivate the source markets in collaboration with cruise lines. Taking into account the additional provision for the HKTB as mentioned above, the HKTB’s total budget for promoting cruise tourism in 2017-18 is around \$31.5 million. As the HKTB has not yet drawn up the budgets for its individual promotion initiatives for future financial years, the budgets for promoting cruise tourism in 2018-19 and beyond are not available.

2. The total number of cruise visitors throughput (arrivals and departures), and average per capita spending of cruise visitors to Hong Kong joining different types of cruise itineraries in the past 5 years are tabulated as follows:

Year	Cruises with passengers embarking or disembarking at Hong Kong			Transit cruises		
	No. of ship calls	Total cruise visitors throughput (arrivals and departures)*	Average per capita spending (HK\$)	No. of ship calls	Total cruise visitors throughput (arrivals and departures)*	Average per capita spending (HK\$)
2012	75	106 887	4,290	23	77 532	1,933
2013	78	120 907	4,699	11	45 466	1,545
2014	122	217 266	3,480	18	68 116	1,312
2015	116	252 922	2,950	26	74 184	1,597
2016	112	289 509	Currently unavailable	79	217 558	Currently unavailable

Note: The figures from 2012 to 2015 are compiled based on cruises with destinations. For the figures in 2016, we have adopted the latest practice of international cruise tourism trade and have included cruises with destinations and cruises without destinations, but sailed for two or more nights in compiling the above figures.

* The figures exclude Hong Kong residents.

3. According to the booking of berthing slots received by the operators of the Kai Tak Cruise Terminal (“KTCT”), Ocean Terminal (“OT”) and other berthing facilities as of early March 2017, the estimated number of ship calls at the berthing facilities in 2017 and 2018 are tabulated as follows respectively. We do not have information about the types of ship calls at OT and other berthing facilities, as well as the number of booking of berthing slots received in 2019 and beyond for all the berthing facilities at the moment.

Year	No. of ship calls				
	KTCT		OT	Other berthing facilities	Total
	Cruises with passengers embarking or disembarking at Hong Kong	Transit cruises			
2017	155	41	57	4	257
2018	150	39	22	0	211

4. In considering whether a port possesses the conditions to become a cruise hub, we would take into account its infrastructural facilities, variety of cruise itineraries and cruise brands, cruise passenger throughput, as well as other tourism-related complementary facilities such as aviation network and supporting services, etc. To consolidate the status of Hong Kong as a leading cruise hub in the region, the HKTb has been actively promoting cruise tourism. Its major initiatives in 2017-18 for promoting cruise tourism include –

(i) Strengthen Hong Kong's image as Asia's cruise hub

Continue to participate in large-scale international industry events to promote the appeal and advantages of Hong Kong as a cruise destination and to reinforce Hong Kong's position as a cruise hub in the region.

(ii) Encourage cruise companies to include Hong Kong in their cruise itineraries

Continue to leverage on the "Asia Cruise Cooperation" ("ACC") to cooperate with the neighbouring ports, so as to encourage cruise lines to include Hong Kong and other ACC ports in their cruise itineraries. The ACC ports will also organise joint promotions to induce more consumers to choose cruise travel products that cover the ACC ports, in particular Hong Kong.

(iii) Raise consumers' awareness of and demand for cruise travel

Launch publicity campaigns to promote the appeal of cruise holidays through digital and social media as well as public relations activities, targeting at consumers of various markets with a view to raising their interests in and demand for cruise tourism. In the long run, the initiatives will also help enhance the potential of Hong Kong as a source market for cruise tourism.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)039

(Question Serial No. 0913)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (9) Subvention: Competition Commission

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Upon the full commencement of the Competition Ordinance, please advise on:

- (1). the numbers of complaints received and cases filed for investigation by the Competition Commission (the Commission) so far;
- (2.) the number and content of market studies into matters affecting competition in markets in Hong Kong conducted or being conducted by the Commission so far; and
- (3.) the staffing provision for different divisions of the Commission and the division of work among its staff.

Asked by: Hon CHOW Ho-ding, Holden (Member Question No. 47)

Reply:

- (1) Upon the full commencement of the Competition Ordinance (“Ordinance”) in December 2015, the Competition Commission (“Commission”) has received over 2 000 complaints and enquiries. As at 28 February 2017, around 130 cases were assessed further, of which 13% had proceeded to in-depth investigation stage.

In order to protect the confidentiality of investigation work, the Commission would not normally reveal the nature and status of its investigation. Nevertheless, the Commission will provide through its annual reports an outline of the investigations carried out by it, a summary of complaints received, and an outline of all proceedings before the Competition Tribunal.

- (2) The Commission completed its study into certain aspects of the residential building renovation and maintenance market and released a report outlining the results in May 2016. The Commission is now conducting a market study into the auto-fuel market. The study aims to better understand the auto-fuel market, including the competition conditions and prices. The Commission is finalising the study and the results are expected to be released as soon as practicable.
- (3) The Commission's manpower establishment at the end of 2016-17 is 57. About half of them are expert staff involved in professional works relating to investigations. The remaining staff members provide support to the operation and other functions of the Commission, for instance conducting studies and research, public engagement and advocacy, providing advice on competition matters, etc. The executive arm of the Commission is managed by the Chief Executive Officer, who is underpinned by the Senior Executive Director and three Executive Directors to oversee four divisions, namely the (1) Operations Division; (2) Legal Division; (3) Economics and Policy Division; and (4) Corporate Services and Public Affairs Division.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)040****(Question Serial No. 0974)**

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Mega Events Fund, running in the past 8 years, will cease operation in late March this year. The Government will, in collaboration with the Hong Kong Tourism Board (HKTB), enhance competitiveness of Hong Kong's tourism industry under 4 new strategies, namely supporting major mega events, developing the 4 local major mega events into Asian brand names, providing HKTB with funds to support mega events which have already created international branding impact for hosting such events permanently in Hong Kong, and providing HKTB with funds to launch a pilot scheme for subsidising relevant tourism activities.

Please tabulate the mega events taken place in the past 2 years and those to be hosted in the coming 3 years, the initiatives in the 4 areas above, the responsible organisations and the expenditure involved.

Asked by: Hon CHOW Ho-ding, Holden (Member Question No. 46)

Reply:

The details of the events supported by the Mega Events Fund (MEF) in the past 2 years are as follows:

Project title	Date of event	Funding ceiling^{Note} (\$ million)
2015 Hong Kong Dragon Boat Carnival	3-5 July 2015	5.5
Prudential Hong Kong Tennis Open 2015	10-18 October 2015	7
UBS Hong Kong Open	22-25 October 2015	15
2016 Hong Kong Dragon Boat Carnival	10-12 June 2016	6
Prudential Hong Kong Tennis Open 2016	8-16 October 2016	9
UBS Hong Kong Open	8-11 December 2016	15

Note : The basic funding principle of the MEF is that the total Government contribution (including the MEF funding) must not exceed 50% of the total cost of the event.

We adjust our tourism development strategy from time to time to cater for the changing preference of our visitors and meet the challenges of the regional competition posed by other tourist destinations. The MEF has operated for 8 years and will expire by the end of March 2017. Upon review, the Government considers that the MEF has achieved its objectives of assisting Hong Kong to become an events capital of Asia and identifying events with good branding impact. The MEF has supported a total of 30 events, including new international mega events with good branding impact and existing events with their scale enhanced through the support of MEF. Some of the MEF-supported events have become self-sustainable and continue staging without seeking for our funding support subsequently. However, amongst the 30 MEF-supported events, 22 are repeated events (involving 6 events). We note that high-yield overnight visitors pursue tourism product diversification. Apart from mega events, they are also interested in participating in tourism activities showcasing the cultural characteristics of the travel destination. Hence, it is essential for the Government to adjust our strategy to maintain Hong Kong's attractiveness and competitiveness.

In 2017-18, the Government will allocate \$93.3 million to adopt a new strategy to support the staging of events and activities. The strategy includes the following four major areas:

- (1) providing “one-stop” support to large-scale commercial events with significant tourism merits: the Tourism Commission (TC) will enhance the communication and cooperation among the organisers and the Government bureaux/departments (B/Ds); as well as facilitate the collaboration between the organisers and the tourism trade. The HKTb will also assist in the overseas promotion of these events;
- (2) cultivating home-grown events to enhance their status: the Government will allocate resources to the HKTb to enhance some home-grown events with a view to marketing them as signature events in Asia;
- (3) supporting international events with significant branding impact on Hong Kong: to develop and facilitate the events concerned to take root in Hong Kong. Through allocating funding to the HKTb, the Government will continue to support these popular events; and
- (4) introducing a pilot scheme to support tourism activities showcasing Hong Kong's local characteristics: to help diversify the events in our city, it is necessary to nurture more local cultural, sports and entertainment activities which contain local characteristics and have tourism appeals. These activities should have potential to become signature events in Asia for visitors to experience our rich and diverse tourism offerings as the events capital of Asia. In the light of the above, we will allocate funding to the HKTb to implement the pilot scheme and work out the details.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)041

(Question Serial No. 0975)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Bureau will take forward the plan to develop the Kai Tak Tourism Node into a world-class tourism, entertainment and leisure attraction.

1. Please elaborate on the latest progress and specific details and particulars of the plan.
2. What are the manpower resources involved in related works in the year?

Asked by: Hon CHOW Ho-ding, Holden (Member Question No. 45)

Reply:

The Government is taking forward the Kai Tak Tourism Node (Tourism Node) project for developing it into a world-class tourist and leisure attraction to draw local and worldwide visitations. The Tourism Commission is working with relevant policy bureaux and departments on tender arrangement and will announce the details within this year.

The Tourism Commission will deploy existing manpower and create two posts for 48 months (i.e. one Senior Town Planner and one Senior Estate Surveyor) to take forward the Tourism Node project. The expenditure incurred for the creation of two posts for 2017-18 is \$2.614 million.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)042****(Question Serial No. 0996)**

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-)

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

1. Please provide a list of the numbers of hotels and hotel rooms in Hong Kong broken down by 18 districts.
2. How many hotel sites will be put on the market in the next 3 years? How many hotels are scheduled for completion? Please list in tabular form the locations of these hotels, their developers, scheduled time of completion and the number of hotel rooms involved.

Asked by: Hon CHOW Ho-ding, Holden (Member Question No. 44)

Reply:

- (1) According to the statistics provided by the Hong Kong Tourism Board (HKTb), the breakdown of number of hotels and rooms by 18 districts as at end 2016 is listed in the table below:

Hotel by districts	Number of hotels	Number of rooms
Hong Kong Island	120	25 245
Central & Western	50	8 665
Eastern	18	4 982
Southern	8	1 483
Wan Chai	44	10 115
Kowloon	110	32 419
Kowloon City	13	6 756
Kwun Tong	3	1 155
Sham Shui Po	2	192
Wong Tai Sin	1	695
Yau Tsim Mong	91	23 621

Hotel by districts	Number of hotels	Number of rooms
New Territories	23	12 963
Kwai Tsing	5	3 329
North	-	-
Sai Kung	4	843
Sha Tin	5	3 253
Tai Po	-	-
Tsuen Wan	6	3 938
Tuen Mun	1	453
Yuen Long	2	1 147
Islands	10	4 241
Territory-wide	263	74 868

- (2) At the beginning of every financial year, the Government will announce the Land Sale Programme including the hotel sites to be sold in that year. The 2017-18 Land Sale Programme comprises one hotel site and two commercial sites which can be used for hotel development. Details are as follows:

	Location	Land use	Expected completion date	Number of rooms (about)
1.	Off Hing Wah Street West, Cheung Sha Wan, Kowloon	Hotel	To be confirmed	550
2.	Kai Tak Area 4C Site 4, Kowloon	Commerical/Hotel	To be confirmed	1 370
3.	Kai Tak Area 4C Site 5, Kowloon	Commerical/Hotel	To be confirmed	

In addition, according to the information as at end 2016 provided by the HKTB, there will be 54 hotels to be completed from 2017 to 2019, providing over 12 000 hotel rooms. Details are as follows:

	Hotel location	Developer	Expected completion date	Number of rooms (provisional)
1.	4 Tung Fong Street, Mong Kok, Kln	Billion Point Investment Limited	1 st Quarter 2017	24
2.	15 - 19 Chun Pin Street, Kwai Chung, NT	No information	1 st Quarter 2017	160
3.	Pak Sha Wan, Sai Kung D.D. 210 Lot 535, NT	Colhi Investment Limited	1 st Quarter 2017	40
4.	12 Ka Hing Road, Kwai Chung, NT	No information	1 st Quarter 2017	170

	Hotel location	Developer	Expected completion date	Number of rooms (provisional)
5.	101 Wai Yip Street, Kwun Tong, Kln	Billion World (HK) Limited	1 st Quarter 2017	99
6.	326 Kwun Tong Road, Kwun Tong, Kln	Grow Up Limited	1 st Quarter 2017	60
7.	Hong Kong Disneyland Resort, Lantau, NT	—	April 2017	750
8.	450 - 454 Portland Street, Mong Kok, Kln	Lam Fong Realty Ltd	2 nd Quarter 2017	84
9.	443 - 451 Castle Peak Road, Kwai Chung, NT	No information	2 nd Quarter 2017	583
10.	38 Hung Luen Road, Hung Hom, Kln	Shangri-La Hotel (Kowloon) Limited	2 nd Quarter 2017	546
11.	6 Tsun Wen Road, Tuen Mun, NT	Luks Group (Vietnam Holdings) Limited	2 nd Quarter 2017	298
12.	179 & 181 Bulkeley Street, Hung Hom, Kln	Sinociti Limited	2 nd Quarter 2017	54
13.	164 Hai Tan Street, Sham Shui Po, Kln	B & G Global Limited	2 nd Quarter 2017	48
14.	373 Queen's Road East, Wan Chai, HK	Motive Drive Limited	Mid 2017	299
15.	189 - 193 Pei Ho Street, Sham Shui Po, Kln	Win Trend Enterprise Limited	August 2017	84
16.	68 Portland Street, Yau Ma Tei, Kln	Aimsglory Investment Limited	August 2017	78
17.	52 - 56 Kwun Chung Street, Jordan, Kln	Everyear Investment Development Limited	3 rd Quarter 2017	22
18.	Ocean Park	—	Early 2018	471
19.	376 Lockhart Road, Wan Chai, HK	No information	4 th Quarter 2017	50

	Hotel location	Developer	Expected completion date	Number of rooms (provisional)
20.	18 - 24 Salisbury Road, Tsim Sha Tsui, Kln	Hong Kong Island Development Limited	4 th Quarter 2017	610
21.	22 Cotton Tree Drive, Central, HK	The Wharf (Holdings) Limited	4 th Quarter 2017	336
22.	38 - 40A Hillwood Road, Tsim Sha Tsui, Kln	Keenfair Development Limited	4 th Quarter 2017	84
23.	8 - 12A Ha Heung Road, Tokwawan, Kln	Land Crown International Limited	4 th Quarter 2017	340
24.	Wai Man Road, Sai Kung, NT	Aedas Limited	4 th Quarter 2017	275
25.	97 How Ming Street, Kwun Tong, Kln	Golden Sunshine Enterprises Limited	4 th Quarter 2017	286
26.	114 - 116 Austin Road, Tsim Sha Tsui, Kln	No information	End 2017	155
27.	103 - 107 Tam Kung Road, To Kwa Wan, Kln	Asia Best Profit Limited Ever Pacific Investment Limited	End 2017	99
28.	20 - 24 Tai Yau Street, San Po Kong, Kln	Yang Tze Kiang Garments Ltd Luk Hop Garments Ltd	End 2017	334
29.	Chuen Lung, Tsuen Wan - TWTL 389	Tat Fung Enterprises Company Limited	End 2017	78
30.	Cheung Wing Road / Kwok Shui Road, NT	Tung Chun Company Limited	Early 2018	380
31.	320 - 322 Kwun Tong Road, Kwun Tong, Kln	Era Success Limited	January 2018	178

	Hotel location	Developer	Expected completion date	Number of rooms (provisional)
32.	18 - 24 Salisbury Road, Tsim Sha Tsui, Kln (Hotel 2)	Hong Kong Island Development Limited	February 2018	287
33.	Inland Lot No.9020, North Point Estate Lane & Shu Kuk Street, North Point, HK	Long Kinetic Limited	1 st Quarter 2018	671
34.	11 - 15A Lin Fa Kung Street East, Tai Hang, HK	Elite Support Limited	March 2018	15
35.	11 - 13 Lin Fa Kung Street West, Tai Hang, HK	Elite Support Limited	March 2018	15
36.	148 - 150A Austin Road, Tsim Sha Tsui, Kln	Diamond Heart Limited	March 2018	197
37.	Low Block, 26 Harbour Road, Wan Chai, HK	China Resources Property Limited	May 2018	120
38.	65 - 69 Shek Pai Wan Road, HK	Lockia Development Limited	Mid 2018	84
39.	4 Kin Fung Circuit, Tuen Mun, NT	No information	2 nd Quarter 2018	430
40.	103 - 105 Tung Chau Street, Tai Kok Tsui, Kln	Gainsmart Inc. Limited	Mid 2018	154
41.	3 - 5 Temple Street, Yau Ma Tei, Kln	Topwell Corporation Limited	Mid 2018	48
42.	225 - 227 Shau Kei Wan Road, Shau Kei Wan, HK	Meridian International Holdings Limited	3 rd Quarter 2018	60
43.	210 - 212 Choi Hung Road, San Po Kong, Kln	Uppermax Company Limited	October 2018	437
44.	J/O of Siu Lek Yuen Road, Yuen Hong Street & Yuen Shun Circuits, Sha Tin, NT	Incheri Limited	4 th Quarter 2018	680

	Hotel location	Developer	Expected completion date	Number of rooms (provisional)
45.	Oil Street, North Point, HK	Ocean Century Investment Limited	4 th Quarter 2018	840
46.	5, 7 & 7A Hillwood Road, Tsim Sha Tsui, Kln	King Champion Limited	4 th Quarter 2018	91
47.	5 Kimberley Street, Tsim Sha Tsui, Kln	Top Deal Holdings Limited	End 2018	52
48.	428 Cha Kwo Ling Road, Yau Tong, Kln	Ever Sun International Holdings Limited	End 2018	454
49.	J/O of Anchor Street & Fuk Tsun Street, Tai Kok Tsui, Kln	Ultimate Lead Limited	End 2018	288
50.	179 Prince Edward Road West, Mong Kok, Kln	Century Sino Development Limited	Early 2019	50
51.	473 - 473A Nathan Road, Yau Ma Tei, Kln	Sure Strong Limited	March 2019	62
52.	28A Hung To Road, Kwun Tong, Kln	River Mountain Resources Ltd	2 nd Quarter 2019	168
53.	25 - 27 Morrison Hill Road, Wan Chai, HK	Crown Centre Development Limited	August 2019	122
54.	10 - 12 Stewart Road & 239 Jaffe Road, Wan Chai, HK	King Policy Development Limited	4 th Quarter 2019	149

Note: The above information is provided by individual developers/project architects.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)043****(Question Serial No. 0997)**

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (6) Travel and Tourism
(7) Subvention : Hong Kong Tourism Board

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

To attract high-yield overnight visitors, the Government made an additional provision of \$243 million in total to the tourism industry in 2017-18 for introducing measures in 5 areas. The questions are as follows:

1. Please set out the respective amounts of funding involved in the 5 areas of measures and the specific initiatives under each area;
2. Has the "Matching Fund for Overseas Tourism Promotion by Tourist Attractions" set up with an additional funding allocation of \$10 million as announced by the Government in late September 2015 concluded successfully? What is the Tourism Board's assessment of its effectiveness? What are the specific details if it carries on?

Asked by: Hon CHOW Ho-ding, Holden (Member Question No. 43)

Reply:

1. The Government has earmarked an additional funding of \$243 million in 2017-18 to roll out the following five areas of initiatives:

Initiatives	Amount
(a) Enhance light shows, step up promotion of home-grown events and provide more support to MICE tourism	\$82 million
(b) Further develop product diversity <ul style="list-style-type: none"> - Pilot scheme to support tourism activities showcasing Hong Kong's local characteristics - Pilot scheme to promote in-depth green tourism 	\$17 million

Initiatives	Amount
(c) Attract more high-spending overnight visitors <ul style="list-style-type: none"> - Pilot scheme to provide promotional offers to attract transit visitors - Promote “fly-cruise” itineraries - Collaborate with cruise lines to open up more source markets - Support trade partners in developing land excursion products for cruise passengers - Support trade partners to bid for more small- and medium-sized MICE events 	\$33 million
(d) Enhance Hong Kong’s appeal as tourist destination <ul style="list-style-type: none"> - Step up promotion of Hong Kong’s positive image in the Mainland - Step up promotion of the Quality & Honest Hong Kong Tours - Strengthen promotion of Quality Tourism Service Scheme - Enhance promotion and contents of mega events 	\$79 million
(e) Strengthen support to the travel trade <ul style="list-style-type: none"> - Provide subsidies for the training of members of the tourism industry through the Travel Industry Council (TIC) - Implement the Matching Fund for promoting tourist attractions - Waive local trade partners’ participation fees for overseas promotional fairs - Participate in the Trade Development Council’s overseas promotion events 	\$32 million
Total	\$243 million

The HKTB and the TIC will work out the details on the above initiatives and announce the concrete plan in due course.

2. In September 2015, the Government allocated an additional funding of \$10 million for setting up the Matching Fund for Overseas Tourism Promotion by Tourist Attractions (MFTA), providing local attractions with dollar-for-dollar subsidies to enhance their overseas promotions. The Hong Kong Tourism Board (HKTB) has been tasked to handle the applications and the funding allocation.

Up till now, three phases of MFTA have been rolled out and applications from various attractions involving 223 promotions have been approved. The markets covered include the Mainland, Taiwan, South Korea, Japan, Southeast Asia, India, the US and Australia, etc.

All applications for the MFTA were assessed by an assessment committee with members who are experienced in the tourism and related sectors. The assessment criteria include the effectiveness of the promotion proposals in enhancing the exposure

for the tourist attractions and showcasing Hong Kong's diverse offerings as a tourist destination; the soundness of the proposals in reaching out to consumers in the source markets and raising their interest in coming to Hong Kong; and the specific publicity contents of the programmes, etc. These criteria aim to ensure the effectiveness of the approved promotions. Besides, as the MFTA is operated as dollar-for-dollar subsidies, the attractions are required to invest the same resources for promotion. Each attraction is obliged to submit documents in relation to the promotion activities such as receipts, promotion materials or overseas media coverage, etc. for HKTb's evaluation in order to ensure the funding is well spent.

In 2017-18, the HKTb will continue to roll out the MFTA, in line with the format of the first three phases, to support local attractions to enhance their overseas promotions. Details will be announced in due course.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)044

(Question Serial No. 1024)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (3) Subvention: Hong Kong Trade Development Council

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Financial Secretary mentioned in paragraph 117 of this year's Budget Speech that riding on the Mainland's implementation of the Belt and Road Initiative, Hong Kong can play an important role in facilitating infrastructure investment and financing in the region. In this connection, please advise this Committee of the following in table form:

1. the support measures for the above initiative implemented in the last financial year and the actual expenditure involved;
2. support measures, if any, to be introduced for developing Hong Kong into the premier Belt and Road intelligence hub and project matching platform, as well as the details and estimated expenditure involved. Please also set out the estimated expenditure for taking forward the national Belt and Road Initiative in 2017-18.

Asked by: Hon CHOW Ho-ding, Holden (Member Question No. 9)

Reply:

In 2016-17, the Hong Kong Trade Development Council (TDC) organised a variety of activities to help Hong Kong small and medium enterprises tap business opportunities under the Belt and Road Initiative. Among them, the Government and TDC organised the inaugural Belt and Road Summit in May 2016, which was attended by over 2 400 political and business leaders. TDC also promoted sectoral opportunities under the Belt and Road Initiative in other large-scale events; organised outbound missions to Belt and Road countries to help Hong Kong companies seize Belt and Road opportunities; and strengthened the content and service of the Belt and Road Portal to feature investment projects and Hong Kong service providers.

In 2017-18, TDC will focus on further developing business opportunities for Hong Kong under the Belt and Road Initiative. Key initiatives include:

- Enrich the Belt and Road portal with case references on services provided by Hong Kong companies in Belt and Road countries, as well as with the addition of key industry players in risk management, environmental and related technology in the database of Hong Kong service providers;
- Build the Belt and Road Summit as the premier event for Belt and Road in the region and globally;
- Include Belt and Road-themed elements into its anchor services industry events, such as the Asian Financial Forum, Asian Logistics and Maritime Conference, Hong Kong International Film and TV Market and Hong Kong International Licensing Show;
- Establish strategic partnerships with key financial, research, investment and infrastructure-related organisations in Hong Kong, the Mainland, priority Belt and Road markets and related economies; and
- Organise investment and infrastructure-related missions to priority Belt and Road markets, and build business connections through TDC's worldwide network.

The above are part of the work covered under Programme (3) to be carried out by TDC's existing staff. We do not have breakdown of staff establishment and expenditure for individual items.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)045****(Question Serial No. 1025)**

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (3) Subvention: Hong Kong Trade Development Council

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is stated in Matters Requiring Special Attention in 2017-18 under Programme (3) that the Government will nurture a new generation of young professionals and entrepreneurs. In this connection, please advise this Committee, in point form, of the details of the supporting measures to facilitate the taking forward of such work and the estimated expenditure for each measure.

Asked by: Hon CHOW Ho-ding, Holden (Member Question No. 8)

Reply:

The Hong Kong Trade Development Council (TDC) commences a new three-year planning cycle in 2017-18. One of the key tasks is to nurture a new generation of entrepreneurs and start-ups and equip them for future economic development. In 2017-18, TDC will focus on helping start-ups and young entrepreneurs embrace the challenges brought by new global economic trends and technology advancements; helping them expand to the Mainland and overseas; and enhancing their medium-term competitiveness under the Belt and Road Initiative. Key initiatives include:

Small and Medium Enterprises (SMEs) and start-ups

- Transform *World SME Expo* into a new mega expo, *SmartBiz Expo*, focusing on innovation, technology and design to support a new generation of SMEs;
- Position “Opportunities Hall” of *SmartBiz Expo* to focus on opportunities in the Asia region to help SMEs capture the emerging opportunities in Asia;
- Transform *Entrepreneur Day (E-Day)* into a start-up networking platform;
- Expand the “Cross-matching Zone” and “Innovative Technology Zone” in *E-Day*;
- Expand the “Start-up Runway” in *E-Day* into a two-day flagship conference;
- Introduce a new outreach programme “Start-ups Meet” ;

- Launch an “International Trade Fastpass” seminar series, covering practical operation-related topics and sales and marketing channels to encourage more start-ups to engage in international trade;
- Create networking and collaboration opportunities between Hong Kong and Mainland start-ups in “Maker Spaces” in tech-savvy Mainland cities and areas such as Shenzhen, Dongguan, and Zhongguancun; and
- Create a new section in the SME & Start-up Portal on Belt and Road opportunities.

Young entrepreneurs and youths

- Organise a Young Business Leaders Forum concurrent with the Belt and Road Summit;
- Enhance outreach programme to trade and industry associations to introduce opportunities for export and relocation of production base under the Belt and Road initiative;
- Collaborate with local organisations such as the Hong Kong Young Industrialists Council to encourage their members to participate in TDC’s Belt and Road-related activities; and
- Introduce an “Entrepreneur Experience Taster” programme to promote entrepreneurship among local tertiary students.

The above are part of the work covered under Programme (3) to be carried out by TDC’s existing staff. We do not have breakdown of staff establishment and expenditure for individual items.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)046

(Question Serial No. 1039)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Under Matters Requiring Special Attention in 2017-18 of Programme (2), it is mentioned that the Government will continue efforts in fostering co-operation between Hong Kong and Taiwan on trade, investment and tourism matters. Please advise this Committee in tabulated form of :

1. the actual expenditure for the past 3 years and the estimated expenditure for 2017-18 in respect of the above three areas of work (trade, investment and tourism), as well as the effectiveness of such work;
2. the number, the average length of stay and per capita spending of overnight visitors from Taiwan for the past 3 years.

Asked by: Hon CHOW Ho-ding, Holden (Member Question No. 4)

Reply:

The Hong Kong Special Administrative Region Government has been fostering co-operation between Hong Kong and Taiwan in the areas of trade, investment and tourism. Relevant work includes –

- On trade promotion, the Hong Kong Trade Development Council (HKTDC) has been actively promoting the commerce and trade cooperation and exchanges between Hong Kong and Taiwan, and encouraging Taiwanese enterprises to co-operate with Hong Kong companies and leverage on Hong Kong's services platform to tap the overseas and Mainland markets. Also, the Taipei Office of the HKTDC often organises various types of promotional activities to provide an interactive platform for enterprises of the two places, thereby creating opportunities for co-operation. The HKTDC has organised more than 180 activities in Hong Kong and Taiwan in the past

three financial years to promote the economic and trade relations between the two places, including organising Taiwanese enterprises to participate in various exhibitions and forums held in Hong Kong.

In 2017-18, the HKTDC will continue to promote trade ties between Hong Kong and Taiwan through organising different activities such as trade fairs, outbound missions, symposiums, seminars, roadshows and business matching activities, etc. In addition, the HKTDC will put more emphasis on promoting sectors where Hong Kong enjoys advantages, such as brand marketing, infrastructure and real estate, and licensing, etc.

- On investment promotion, Invest Hong Kong (InvestHK) has been actively promoting Hong Kong's business advantages in Taiwan. Through the investment promotion unit at the Hong Kong Economic, Trade and Cultural office in Taiwan, InvestHK has been reaching out proactively to a wide spectrum of Taiwanese companies, organising seminars and conducting investment promotion visits in various Taiwan cities so as to encourage Taiwanese companies to leverage on the business advantages of Hong Kong to expand their regional operations. In 2017-18, InvestHK will continue to promote the above work.
- On tourism, Taiwan is currently Hong Kong's second largest source market. The Hong Kong Tourism Board (HKTb) attracts young visitors and families to spend their vacation in Hong Kong by leveraging on the diverse mega events held in Hong Kong, such as Hong Kong Cyclothon, Hong Kong Wine & Dine Festival and Hong Kong WinterFest. Promotion initiatives will be undertaken through digital marketing and public relations promotion, as well as partnering with the trade to launch tactical sales of tourism products and consumer activities. The HKTb also disseminates the latest tourism information about Hong Kong such as dining trends to visitors in the Taiwan market from time to time.

In 2017-18, the HKTb will continue stepping up its marketing efforts targeted at the young and family segments in Taiwan. Besides collaborating with TV channels and digital media in Taiwan to showcase Hong Kong's unique and diverse travel experiences through new brand campaign videos and TV travelogues, the HKTb will join hands with the travel trade, hotels, attractions and airlines to launch attractive tourism products targeted at young visitors and families. In addition, the HKTb will strengthen its partnership with Taiwan to promote multi-destination itineraries and products featuring Hong Kong and Taiwan in long-haul markets.

The overnight visitor arrivals from Taiwan, their average length of stay and per capita spending in the past three years are as follows:

	2014	2015	2016
Overnight visitor arrivals from Taiwan	807 000	832 000	873 000
Average length of stay	2.6 nights	2.6 nights	2.6 nights
Per capita spending	\$5,598	\$5,092	\$4,585

Regarding cruise tourism, the HKTB will continue to work with Taiwan and other neighbouring ports to leverage on the Asia Cruise Fund to promote co-operation among the ports in the region. The Asia Cruise Fund provides subsidies to cruise lines to encourage them to develop and promote cruise products featuring Hong Kong and other neighbouring ports (including Taiwan), so as to encourage them to include Hong Kong, Taiwan and other neighbouring ports in their itineraries in Asia, and to help increase the number of cruise ships visiting the region. At the same time, the HKTB, through the Asia Cruise Cooperation formed with other neighbouring ports (including Taiwan) will promote the tourism infrastructure and facilities, as well as the unique appeal of the participating ports to cruise lines through joint promotion and participation in large-scale industry events with a view to synergising the efforts, so as to encourage cruise lines to include the ports concerned in their itineraries.

Moreover, the Government will continue to, through the platforms of “Hong Kong-Taiwan Economic and Cultural Cooperation and Promotion Council” and “Hong Kong-Taiwan Business Co-operation Committee” of Hong Kong, and the “Taiwan-Hong Kong Economic and Cultural Co-operation Council” and “Economic Co-operation Committee” of Taiwan, foster economic and trade exchanges and co-operation between Hong Kong and Taiwan in different aspects.

The relevant expenditure of the HKTDC, InvestHK and the HKTB in the past three financial years, as well as the estimated budget for 2017-18 are as follow:

	Expenditure in 2014-15	Expenditure in 2015-16	Revised Estimates for 2016-17	Estimated Budget for 2017-18
HKTDC	About \$6.8million	About \$6.8million	About \$6.8million	About \$6.8million
InvestHK	About \$1 million (not including staff costs or other general expenses funded under Head 144)	About \$1 million (not including staff costs or other general expenses funded under Head 144)	About \$1 million (not including staff costs or other general expenses funded under Head 144)	About \$1 million (not including staff costs or other general expenses funded under Head 144)
HKTB	About \$11.5 million	About \$17.3 million*	About \$17.5 million*	About \$12.2 million

*The amount included the additional funding from the Government to the HKTB that had been allocated for Taiwan market.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)047****(Question Serial No. 1057)**

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (7) Subvention : Hong Kong Tourism Board

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Regarding the matters requiring special attention in 2017-18 under Programme (7) of this Head, the Government indicates that it will put efforts and resources in 20 key visitors source markets and prioritise marketing resources to areas of growth. In this connection, will the Government inform this Committee, in tabular form, of:

1. the expenditure in respect of putting efforts and resources in 20 key visitors source regions/countries and the respective visitor growth in the past 3 financial years. Please specify in details whether any mechanism is in place to assess if the allocation of resources and the visitor growth meet the target;
2. the efforts and resources allocated to these key visitors source regions/countries and the expenditure involved in 2017-18.

Asked by: Hon CHOW Ho-ding, Holden (Member Question No. 48)

Reply:

1. & 2.

The table below shows the marketing resources invested to 20 key source markets by the Hong Kong Tourism Board (HKTb) in the period from 2014-15 to 2017-18:

Source market	2014-15 (HK\$'000)	2015-16 (HK\$'000)	2016-17* (revised estimates) (HK\$'000)	2017-18# (proposed budget) (HK\$'000)
The Mainland	39,000	49,400	162,000	37,500

Source market	2014-15 (HK\$'000)	2015-16 (HK\$'000)	2016-17* (revised estimates) (HK\$'000)	2017-18# (proposed budget) (HK\$'000)
Japan	13,300	16,200	16,800	12,000
Taiwan	11,500	17,300	17,500	12,200
South Korea	11,200	20,700	20,500	14,800
Singapore	4,700	8,300	8,600	2,000
The Philippines	3,600	14,700	13,600	7,000
Malaysia	3,900	10,500	9,100	3,000
Indonesia	4,600	5,700	8,600	3,000
Thailand	4,000	10,300	11,500	5,100
The US	14,600	14,400	15,100	15,100
Australia	11,000	8,400	9,100	9,000
The UK	7,000	7,300	9,000	7,900
Canada	3,200	3,300	3,200	4,000
Germany	4,400	4,500	4,800	4,800
France	3,100	3,100	2,900	2,800
India	10,200	13,400	18,100	10,000
Russia	4,500	3,100	3,200	3,200
The Gulf Co-operation Council (GCC) Markets	3,100	1,600	1,300	1,300
Vietnam	700	300	300	400
The Netherlands	200	100	200	300

This column only shows the recurrent funding that has been granted to the HKTb by the Government, and the additional fund of \$70 million allocated for the events and promotions held to celebrate the 20th anniversary of the establishment of the HKSAR. However, this does not include the additional fund that has been earmarked to the HKTb in the Policy Address and Budget, which amounts to \$238 million in 2017-18. The HKTb is currently planning the investment proportion of this additional fund to each source market.

* The revised estimates include the increased allocation to markets from the additional funding of approximately \$222 million from the Government's Budget 2016-17 announced in February 2016.

Visitor arrivals from the 20 key source markets and the percentage change in the past three years are listed below:

Source market	2014 (’000) (Compared with 2013)	2015 (’000) (Compared with 2014)	2016 (’000) (Compared with 2015)
The Mainland	47 250 (+16.0%)	45 840 (-3.0%)	42 780 (-6.7%)
Japan	1 080 (+2.1%)	1 050 (-2.7%)	1 090 (+4.1%)
Taiwan	2 030 (-3.2%)	2 020 (-0.8%)	2 010 (-0.2%)
South Korea	1 250 (+15.5%)	1 240 (-0.6%)	1 390 (+12.0%)
Singapore	740 (+5.4%)	680 (-8.5%)	670 (-0.2%)
The Philippines	630 (-10.0%)	700 (+10.9%)	790 (+12.4%)
Malaysia	590 (-9.1%)	540 (-7.7%)	540 (-1.7%)
Indonesia	490 (-4.9%)	410 (-15.9%)	460 (+12.3%)
Thailand	490 (-9.3%)	530 (+9.1%)	590 (+12.3%)
The US	1 130 (+1.9%)	1 180 (+4.5%)	1 210 (+2.6%)
Australia	600 (-1.0%)	570 (-4.9%)	580 (+0.3%)
The UK	520 (+1.4%)	530 (+1.7%)	550 (+4.2%)
Canada	350 (+0.1%)	360 (+1.1%)	370 (+3.0%)
Germany	220 (-0.9%)	210 (-2.2%)	230 (+6.0%)
France	220 (-4.7%)	210 (-3.3%)	210 (+1.8%)
India	520 (+18.7%)	530 (+3.0%)	480 (-9.6%)
Russia	200 (-9.6%)	150 (-25.1%)	140 (-5.8%)
The GCC Markets	50 (-3.2%)	50 (-0.3%)	50 (+1.9%)
Vietnam	60 (-30.3%)	60 (+7.2%)	60 (+0.8%)
The Netherlands	90 (+1.1%)	90 (-1.3%)	100 (+4.5%)

The HKTB, including its Worldwide Offices, adopts a comprehensive performance measurement system for evaluating its performance against objectives. Under this mechanism, four key performance indicators of the tourism sector, namely visitor arrivals, tourism expenditure, length of stay and visitors satisfaction, are taken into consideration during the measurement. On top of these, the HKTB maintains a set of corporate performance indicators which clearly state the assessment area for measuring the effectiveness of the HKTB’s marketing programmes under each strategic focus. For example, the HKTB will monitor global publicity value achieved for promotional campaigns implemented by the Worldwide Offices, number of page views of each of its

market sites and the number of followers on various social media platforms, in order to ensure the effectiveness of use of public funding.

The tourism industry is susceptible to external factors, such as global economic development, economic situation of individual markets, currency issues and governments' policies related to tourism. The HKTB will regularly review its market priority and investments in different markets, and maintain flexibility in its resource allocation. It will also closely monitor market situation in order to make adjustment in response to any unforeseeable changes in macro environment.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)048****(Question Serial No. 1123)**

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (5) Subvention: Consumer Council

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Regarding the functions of the Consumer Council under Programme (5) of this Head, would the Government advise this Council of:

1. the 4 industries receiving the most complaints, their respective number of complaints and successful resolution rates in each of the past 3 years in tabulated form;
2. whether any new channels or initiatives will be in place by the end of 2017-18 to enhance the Council's communication network.

Asked by: Hon CHOW Ho-ding, Holden (Member Question No. 49)

Reply:

1. Information on the number of complaints received by the Consumer Council (the Council) in the past five years is as follows –

Year	Total no. of complaints / Successful resolution rate	Four services/products receiving the most complaints (No. of complaints / Successful resolution rate)			
		1. Telecom services	2. Telecom equipment	3. Travel services	4. Electrical appliances
2014	31 048 / 73% resolved	(5 953 / 86% resolved)	(4 195 / 73% resolved)	(1 879 / 78% resolved)	(1 720 / 74% resolved)

Year	Total no. of complaints / Successful resolution rate	Four services/products receiving the most complaints (No. of complaints / Successful resolution rate)			
2015	27 378 / 74% resolved	1. Telecom services (3 779 / 88% resolved)	2. Travel services (2 642 / 80% resolved)	3. Furniture and fixtures (2 395 / 62% resolved)	4. Electrical appliances (1 691 / 75% resolved)
2016	25 098 / 75% resolved	1. Telecom services (3 004 / 89% resolved)	2. Travel services (1 963 / 78% resolved)	3. Telecom equipment (1 827 / 77% resolved)	4. Electrical appliances (1 808 / 79% resolved)

2. In 2017-18, the Council plans to examine how to strengthen the content of the “Choice” Magazine, and use means such as multimedia and social media to provide a range of consumer information and enhance interaction with consumers.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)049

(Question Serial No. 0474)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is stated under this Programme that the Government has further extended the application period of the time-limited special concessionary measures under the Small and Medium Enterprises Financing Guarantee Scheme (SFGS) of the Hong Kong Mortgage Corporation Limited for 1 year to 28 February 2017. Please advise this Committee of the number of applications under the scheme in the past 3 years. Has the number been on the rise or decreasing? Which trades are these applications from? What are the number of loan cases approved and the amount involved? What is the number of default claims received? What is the progress of processing and payment of compensation? What are the amount involved and successful rate of claims? Please provide the details in table form. Is it estimated that the number of applications and approvals will increase in 2017-18? Will the Government further relax the application conditions of the special concessionary measures in the light of global economic situation to assist small and medium enterprises in need to obtain revolving loans?

Asked by: Hon CHUNG Kwok-pan (Member Question No. 52)

Reply:

The Hong Kong Mortgage Corporation Limited (HKMC) launched the special concessionary measures under its existing SME Financing Guarantee Scheme (SFGS) on 31 May 2012 to provide 80% loan guarantees at concessionary fee rates. The Government provides a total loan guarantee commitment of \$100 billion. The special concessionary measures are time-limited special measures. The original application period was 9 months, which was later extended five times to the end of February 2018, to assist enterprises in obtaining loans in the commercial lending market. To further relieve the burden of borrowers, the Government has reduced the annual guarantee fee rate for the measures by

ten per cent and removed the minimum guarantee fee rate for the measures starting from 1 June 2016.

As at the end of February 2017, the statistics related to applications under the special concessionary measures in the past three years are as follows:

	2014	2015	2016	2017 (1 January – 28 February)
No. of applications received	1 887	1 182	889	178
No. of applications approved *	1 645	1 027	750	151
Facility amount for applications approved	\$5.814 billion	\$3.406 billion	\$2.428 billion	\$0.516 billion

* Excluding applications withdrawn by participating lenders after approval.

As at the end of February 2017, the statistics related to the approved applications under the special concessionary measures in the past three years, by industry, are as follows:

Industries	No. of applications approved			
	2014	2015	2016	2017 (1 January – 28 February)
Manufacturing	260	165	102	19
Textiles and clothing	38	18	12	1
Electronics	20	15	6	3
Plastics	28	15	6	3
Printing and publishing	15	13	11	1
Others	159	104	67	11
Non-manufacturing	1 385	862	648	132
Trading	838	478	327	66
Wholesale and retail	137	117	97	20
Construction	55	37	45	11
Engineering	67	49	25	5
Transport/logistics	42	30	28	7
Others	246	151	126	23
Total	1 645	1 027	750	151

With regard to the default claims, the HKMC has received 775 net default claims¹ involving a net claim amount of about \$1.7 billion as at the end of February 2017. The default rate is about 4.65%². Among them, the HKMC has approved and compensated 175 claims, involving a total claim amount of about \$360 million. The HKMC has not rejected a default claim thus far. The HKMC completed a total of 94 claim cases in 2016, representing an increase of 52% from 62 cases in 2015.

As the loan amount involved and industry demand in the coming year will be affected by a number of factors, including the prevailing economic situation, we are unable to estimate the number of applications in forthcoming year. The Government will closely monitor changes in the market situation as well as the needs of SMEs, and will review from time to time the support measures to SMEs, including the special concessionary measures, to ensure that adequate support is provided to the trade.

¹ Excluding the claim requests of which the outstanding indebtedness amounts have been fully settled after the claim requests are submitted, and the claim requests withdrawn by participating lenders.

² Default Rate = (Amount of net claims received–Net amount recovered from Lenders after compensation is made) / Total amount of guarantees approved x 100%.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)050

(Question Serial No. 0537)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is stated under this Programme that the Commerce and Economic Development Bureau (CEDB) (Commerce, Industry and Tourism Branch (CITB)) “implemented recommendations of the Working Group on IP Trading to promote Hong Kong as a premier IP trading hub in the region”. Will the Government advise this Committee of the achievements of the work on the promotion of IP trading in the past year? What was the expenditure involved? What is the amount of resources earmarked for promoting the development of IP trade in 2017-18 and what are the specific measures and timetable for the promotion?

Asked by: Hon CHUNG Kwok-pan (Member Question No. 2)

Reply:

In March 2015, the Working Group on IP Trading (Working Group) released a report with 28 recommended measures to position and promote Hong Kong as the premier IP trading hub in Asia. The recommended action framework comprises four strategic areas, namely (I) enhancing the IP protection regime; (II) supporting IP creation and exploitation; (III) fostering IP intermediary services and manpower capacity; and (IV) pursuing promotion, education and external collaboration efforts.

Progress

The Government accepted the recommendations of the Working Group and is working in full swing with various stakeholders on implementation. Major progress in 2016-17 includes -

(I) enhancing our IP protection regime –

- the Patents (Amendment) Ordinance 2016 was enacted by the Legislative Council (LegCo) in June 2016 to provide the legal basis for introducing the Original Grant patent (OGP) system to Hong Kong. We are making preparations for the implementation, including establishing a new IT system and amending the Patents (General) Rules to set out procedures in relation to the OGP system. Subject to progress, we aim at launching the OGP system in 2019 the earliest;
- having regard to the overall benefits in the best interest of Hong Kong, and the general favourable response received in the prior public consultation exercise, we are minded to proceed with the application of the international registration and management system under the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks (Madrid Protocol) to Hong Kong. We reported on the way forward and the ongoing preparatory work to the LegCo Panel on Commerce and Industry in February 2017. Subject to progress, the Madrid Protocol could be implemented in Hong Kong in 2019 the earliest;

(II) supporting IP creation and exploitation –

- with the support of the Law Society of Hong Kong, the Intellectual Property Department (IPD) launched a pilot scheme on IP consultation service for small and medium enterprises (SMEs) in December 2014. The formal scheme was rolled out in September 2016 in view of favourable feedback. By end February 2017, 157 consultation sessions were completed;
- following the 2016 Policy Address and 2016-17 Budget, the Government introduced a series of new initiatives with a funding of \$18 billion to enhance Hong Kong's innovation and technology (I&T) ecosystem, e.g. promoting re-industrialisation, funding universities to conduct mid-stream and applied research projects, subsidising industry adoption of technology to upgrade and transform, and supporting start-ups. The Government will also reserve \$10 billion from the 2016-17 fiscal surplus for supporting I&T development in Hong Kong;
- in 2016, the CreateSmart Initiative and the Film Development Fund, administered by Create Hong Kong, received an additional injection of \$400 million and \$20 million respectively to continue providing financial support for the creative industry;
- we are formulating legislative proposals to expand the scope of tax deduction for capital expenditure incurred for the purchase of IP rights (IPRs) from the existing five categories to eight. The additional IPRs that will benefit are layout-design of integrated circuits, plant varieties and rights in performance. Subject to progress, we aim to introduce the legislative proposals to LegCo this year;

(III) fostering IP intermediary services and manpower capacity –

- as of end February 2017, the Asia IP Exchange, an online IP trading portal set up and administered by the Hong Kong Trade Development Council (HKTDC), has formed alliances with 35 strategic partners local and overseas, and covered over 27 000 entries

of tradable IPRs (including copyright, patents, registered design and trade marks) which is 30% more in entries since its launch in December 2013;

- IPD is working with partners with expertise in IP transactions and legal knowledge to compile and publish a booklet containing basic practical guidelines in two areas, namely “IP audit” (management for day-to-day business) and “IP due diligence” (due diligence for IP transactions), which is expected to be made available in the first half of this year;
- the Department of Justice (DoJ) is working to develop and promote Hong Kong as an international legal and dispute resolution services centre. The Arbitration (Amendment) Bill 2016 was introduced into LegCo in December 2016 to clarify that IP disputes are capable of settlement by arbitration. With DoJ’s and IPD’s assistance, the Bills Committee completed the clause-by-clause examination of the Bill in February 2017. We expect the Bill would resume second reading soon;
- on IP mediation, DoJ, IPD and relevant stakeholders jointly organised a workshop in May 2016 which was well received by industry players. This tripartite cooperation will continue to promote IP mediation, and explore whether evaluative mediation may be used to resolve IP disputes;
- IPD launched the IP Manager Scheme in May 2015 to help local SMEs build up their IP manpower capacity and increase competitiveness through IP management and commercialisation. IPD has organised four rounds of training with a total of 750 attendees from over 470 SMEs since 2015. From April 2016 onwards, IPD also organised Practical Workshops for IP Managers who have attended the training programme. IPD will continue to organise the training and workshops in 2017 in view of the favourable response;
- from 2015 onwards, IPD sponsored numerous training courses on IP related subjects conducted by professional and industry bodies to nurture talents;

(IV) pursuing promotion, education and external collaboration efforts –

- since 2013, the Government co-organised the Business of Intellectual Property Asia Forum with HKTDC and Hong Kong Design Centre. The 2016 edition attracted over 2 500 IP professionals and industry players from 31 countries and regions. The 2017 edition will be held on 7 and 8 December;
- IPD launched a series of short videos showcasing local success stories of IP commercialisation in 2016-17. IPD will continue with more publicity in 2017-18;
- we have also been reaching out to different industries, e.g. movie and toy, to promote cross-sector IP trading since the latter half of 2015, and the responses have been encouraging. Key players in the respective fields have a better understanding of the potentials of their IP and the prospects of cross-sector commercialisation. We will continue to facilitate such exchanges in IP trading crossovers.

Resources and Way Forward

To provide dedicated support to the Working Group and to follow up the implementation work, one Chief Executive Officer (CEO) post was created in CITB in 2014-15 (for 24 months) and the total salary provision for the post is \$1.36 million annually. The CEO post has been extended for a further 24 months as from 2016-17 to continue overseeing the implementation of various measures. Other manpower and expenditure required for taking forward IP trading initiatives have been and will continue to be covered by the current establishment of and provision for CITB and relevant agencies. This includes specifically setting aside \$23 million as from 2015-16 for three years to support a number of new initiatives, for example (as mentioned above) -

- (i) providing free initial IP consultation service to SMEs;
- (ii) organising and sponsoring IP manpower training;
- (iii) promoting the development of highly specialised IP intermediary services; and
- (iv) launching promotion and public education campaigns.

The estimated expenditure for implementing the initiatives above in 2016-17 is \$8.6 million. We will continue our efforts in 2017-18 by utilising the resources already set aside.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)051

(Question Serial No. 0538)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

For “Matters Requiring Special Attention in 2017-18” under this Programme, the Commerce, Industry and Tourism Branch will, inter alia, strengthen efforts to promote the business advantages of Hong Kong in the Mainland, Taiwan and overseas, including the economies along the Belt and Road as well as to attract more multinational companies to set up regional or global operations in Hong Kong. Please inform this Committee of the effectiveness of and the expenditure on the work in this regard in 2016-17. What are the new plans or specific initiatives for the coming year of 2017-18? What are the objectives or expected outcome? How much will the expenditure related to such work be?

Asked by: Hon CHUNG Kwok-pan (Member Question No. 3)

Reply:

Invest Hong Kong (“InvestHK”) under the Commerce, Industry and Tourism Branch completed a total of 391 investment projects in 2016. In 2017-18, InvestHK will conduct marketing campaigns, seminars and investment promotion visits to attract and assist more companies from the Mainland, Taiwan and emerging markets including those along the Belt and Road, to set up or expand their business operations in Hong Kong.

For the Mainland market, InvestHK will continue to collaborate with Mainland authorities and business associations to promote Hong Kong as an ideal platform for Mainland companies to go global. In 2017-18, InvestHK is planning to organise investment promotion seminars in various high-growth Mainland cities such as Tianjin, Chengdu, Xiamen, Shenyang, Jinan, Changsha, Taiyuan and Anhui.

As regards the Taiwan market, InvestHK will continue to reach out to a wide spectrum of Taiwan companies to provide them with the necessary support in setting up or expanding their operations in Hong Kong. InvestHK will strengthen its partnership with the Taiwan business community and conduct investment promotion visits in various Taiwan cities, with the support of its Investment Promotion Unit in the Hong Kong Economic, Trade and Cultural Office in Taiwan. InvestHK will also maintain close liaison with the Taiwan business community in Hong Kong and offer aftercare services to facilitate the expansion of their businesses.

InvestHK also plans to conduct a series of investment promotion visits in target markets including Southeast Asia, India, the Middle East and Russia to underline Hong Kong's business advantages and to attract more companies to set up businesses in Hong Kong. In addition, InvestHK will organise other investment promotion events, including local networking receptions for companies, consulates and chambers of commerce from the target markets.

InvestHK's estimated actual expenditure incurred in 2016-17 and the estimated expenditure in 2017-18 for organising the abovementioned investment promotion activities are \$39 million and \$40 million respectively. The figures do not include staff cost or general marketing and promotion expenses which cannot be separately quantified.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)052

(Question Serial No. 0539)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Under Programme (2) of the Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)(CITB), it is mentioned in Analysis of Financial and Staffing Provision that provision for 2017-18 is \$520.8 million (239.6%) higher than the revised estimate for 2016-17. This is mainly due to the increase in cash flow requirement for the SME Financing Guarantee Scheme – Special Concessionary Measures and the Measures for Manpower Development of Retail Industry, the beginning of cash flow requirement for the Professional Services Advancement Support Scheme and the provision to beef up the Belt and Road Office's establishment and resources, the increased estimate for the subscription to the World Trade Organization and increase in departmental expenses. Meanwhile, 23 posts will be created. Please advise this Committee of the details of the increase in expenditure and posts, including the provision to the Belt and Road's Office and its work plan for the coming year, as well as the major responsibilities of the 23 additional posts.

Asked by: Hon CHUNG Kwok-pan (Member Question No. 5)

Reply:

CITB and the Belt and Road Office's consolidated replies are as follows:

The higher estimated expenditure under Programme (2) for 2017-18 against the revised estimate for 2016-17 is mainly due to -

- The increase in cash flow requirement for the Special Concessionary Measures under the SME Financing Guarantee Scheme, which accounts for \$412 million. Under the special concessionary measures of the SME Financing Guarantee Scheme, the Government is required to pay sufficient amount of funds to the Hong Kong Mortgage Corporation Limited in meeting the requirements of payments for default compensations and the necessary out-of-pocket expenses. The estimated cash flow requirements under the measures may fluctuate every year.

- The increase in cash flow requirement for the Measures for Manpower Development of Retail Industry, which accounts for \$3.55 million.
- The beginning of cash flow requirement for the Professional Services Advancement Support Scheme (PASS), which accounts for \$40 million. PASS was launched in November 2016. The first batch of funded projects is expected to roll out in mid-2017.
- The inclusion of the estimated overall expenditure of the Belt and Road Office (BRO), which accounts for \$35.038 million. This is mainly for beefing up the office's establishment and resources to ensure that the office can take forward the work under the Belt and Road Initiative more effectively and on a long-term basis. BRO is responsible for engaging various stakeholders to gather information and views, and offer advice or assistance where appropriate; and communicating and liaising with the relevant central ministries on the implementation of the Belt and Road Initiative. One of BRO's major tasks is to coordinate HKSAR's participation in the Belt and Road Forum for International Cooperation to be held by the Central People's Government in Beijing in May 2017. In 2017-18, BRO will strengthen and do more comprehensively its work in the following areas: (i) connect and communicate with various stakeholders; (ii) liaise with relevant central authorities; and (iii) collect and analyse information to assist Hong Kong enterprises and professions to better seize the opportunities arising from the Belt and Road Initiative.
- The estimated increase of \$5 million for the subscription to the WTO and increase in the departmental expenses.

In addition, 23 posts are planned for creation in 2017–18. The details are set out below-

- Planned creation of 16 posts in BRO, including 2 directorate grade posts, 2 Administrative Officer grade posts, 2 Trade Officer grade posts, 1 Information Officer grade post, 2 Executive Officer grade posts, and 7 posts belonging to the Personal Secretary, Clerical and Chauffeur grades, to replace the existing non-permanent establishment and increase manpower to ensure that the office can take forward the work under the Belt and Road Initiative more effectively and on a long-term basis.
- Planned creation of three time-limited posts for four years to expand the network of the overseas Economic and Trade Offices (ETO) to tap new markets and enhance promotion, including one directorate Administrative Officer grade post, one Executive Officer grade post and one Personal Secretary grade post. In connection with the Government's plan to set up new ETOs in India, Mexico, Russia, South Africa and the United Arab Emirates, the directorate officer will mainly be responsible for formulating strategies and discussing with respective governments to take forward the initiative, to be supported by the Executive Officer and Personal Secretary.
- Planned creation of one Engineer grade post (time-limited post for 1 year) to follow up the design work of the convention centre above the Exhibition Station of the Shatin to Central Link.

- Planned creation of three posts to enhance the administrative support to this branch, including one Supplies Officer grade post, one System Analyst/Programmer post and one Clerical Officer grade post to strengthen the general support on supplies and procurement, information technology and personnel-related matters.

For the purpose of preparing the 2017-18 estimates of expenditure, a total provision of \$20.827 million has been reserved for the payroll of the 23 posts mentioned above. The proposal on the establishment of the Belt and Road Office and the proposed creation of the directorate posts including that for the expansion of the ETOs' network will, in accordance with the procedures for creation of directorate posts, be reported to the Panel on Commerce and Industry, and submitted to the Establishment Subcommittee and the Finance Committee of the Legislative Council.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)053

(Question Serial No. 0540)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

1. Under "Matters Requiring Special Attention in 2016-17", the Commerce, Industry and Tourism Branch will continue to oversee efforts for seeking better market access and facilitation of trade and investment in the Mainland through the Mainland and Hong Kong Closer Economic Partnership Arrangement, and for ensuring effective implementation of measures announced. What were the results achieved and details of the work in this respect in the last financial year? What was the expenditure incurred? What is the new work plan for the new financial year? What is the estimated expenditure? Will there be an increase in expenditure to strengthen the work?

Asked by: Hon CHUNG Kwok-pan (Member Question No. 6)

Reply:

The HKSAR Government is committed to assisting Hong Kong businesses in accessing the Mainland market through the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA), by seeking various preferential and facilitation measures for the trade, lowering the entry threshold and relaxing the scope of services, etc. The Agreement on Trade in Services signed under CEPA in November 2015 has been implemented from 1 June 2016 to basically achieve liberalisation of trade in services between the Mainland and Hong Kong, enabling the two sides to reach a new milestone after the continuous liberalisation of trade in services through CEPA over the years. The two sides are now exploring the expansion and enhancement of CEPA in the areas of investment, economic and technical cooperation etc., and expect to achieve concrete results by the middle of this year.

The HKSAR Government also attaches great importance to the effective implementation of CEPA. We have been working closely with the Mainland authorities at central, provincial and municipal levels, and have made use of the established mechanisms with the Ministry of Commerce to address and follow up on problems encountered by Hong Kong enterprises in using CEPA liberalisation measures in the Mainland, including problems encountered at provincial and municipal levels. We will continue to work closely with the Mainland to assist the trade in making better use of CEPA liberalisation measures and gaining greater access to the Mainland market.

Apart from providing free information and advisory services on CEPA, the Trade and Industry Department (TID) has established a notification mechanism with the Mainland authorities to disseminate information in relation to the promulgation and updates of relevant regulations and implementation details of liberalisation measures on its CEPA website for the trade's reference.

The Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch) is responsible for the overall policy on CEPA; TID oversees bilateral discussions on further new measures and implementation of liberalisation measures under CEPA; and individual bureaux and departments deal with new measures and specific implementation issues in the relevant service sectors. The expenditure of the above work has been subsumed respectively under the overall estimated expenditure of the bureaux/departments concerned. It is difficult to quantify separately. The work is being taken up by the existing manpower of relevant bureaux or departments. No increase in expenditure is required for the time being.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)054

(Question Serial No. 0541)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

1. As mentioned under Matters Requiring Attention in 2016-17, the Commerce, Industry and Tourism Branch will continue to monitor developments on various regional economic integration initiatives and explore opportunities for Hong Kong's participation. Please advise what efforts were made in this area in 2016-17? What opportunities did the Government identify for Hong Kong? What was the expenditure involved? How much public funds will be spent in this area in 2017-18? Are there any specific work plans?

Asked by: Hon CHUNG Kwok-pan (Member Question No. 7)

Reply:

In 2016-17, the Government continued to actively pursue regional economic cooperation to strengthen trade and economic relations with our major trading partners in the region so as to ensure our participation in economic integration in the region, and to identify new opportunities for development for Hong Kong enterprises. Two main areas of work are: (1) regional economic cooperation; and (2) free trade agreements (FTAs) and economic and trade cooperation arrangements.

(1) Regional Economic Cooperation

Hong Kong has been actively participating in the Asia-Pacific Economic Cooperation (APEC) to promote broader cooperation in the Asia-Pacific region. Trade between Hong Kong and other APEC economies accounts for some 80% of Hong Kong's external trade. APEC provides an excellent platform for Hong Kong to collaborate with other member economies on various trade and economic issues in the region.

APEC's primary goal is to achieve trade and investment liberalisation and facilitation for economic cooperation and growth. Hong Kong has been maintaining close economic and

trade relations with APEC member economies. Any measures which can further improve the business environment and facilitate trade and investment in the region will bring opportunities for Hong Kong.

As far as trade facilitation is concerned, relevant work which APEC promotes, such as simplifying customs procedures, enhancing business mobility through the APEC Business Travel Card, promoting electronic commerce and establishing mutual recognition arrangements for telecommunications, electrical and electronic equipment, etc. can help improve the region's business environment by saving business costs and time.

To further deepen regional economic integration, APEC member economies have launched the work on the realisation of the Free Trade Area of the Asia-Pacific (FTAAP), which includes the completion of the Collective Strategic Study at the end of 2016. The Study has shown that the realisation of the FTAAP will reduce regional trade barriers, bringing immense opportunities to economies in the region and facilitating Hong Kong businesses, including SMEs, to further expand their business and investment in the region. With a view to realising the FTAAP the soonest, Hong Kong will participate actively in the related discussions and work, and will share our knowledge and experience with respect to our liberal trade policy.

Furthermore, APEC member economies adopted the *APEC Services Competitiveness Roadmap* at the end of 2016, which set out actions and goals to be attained by 2025. In this regard, Hong Kong looks forward to working closely with other member economies to promote services trade and investments in the region, and to enhance the competitiveness of the services industry.

Hong Kong also participates actively in the work of the Pacific Economic Cooperation Council (PECC) in the name of Hong Kong, China. Participants to the PECC include government officials, businessmen and academics, who promote cooperation and economic development in the Pacific region through researches and policy discussions.

In 2017-18, we will continue to participate actively in the work of the regional cooperation organisations.

(2) FTAs and Economic and Trade Cooperation Arrangements

The Hong Kong, China – New Zealand Closer Economic Partnership Agreement (CEP Agreement), which entered into force in January 2011, has been implemented smoothly. Hong Kong and New Zealand have followed the established work plans to conduct review of the trade in services, as well as the general review of the CEP Agreement, from time to time. As regards the FTA between Hong Kong and the Member States of the European Free Trade Association (EFTA), it has been operating smoothly since it entered into force in end-2012. The FTA between Hong Kong and Chile entered into force in October 2014, and the two sides also signed an investment agreement in November 2016, which will come into effect after Chile completes its internal procedures.

Since Hong Kong signed the economic and trade cooperation arrangements with Malaysia and Thailand in 2009 and 2013 respectively, we have been facilitating and promoting bilateral economic cooperation in various areas with Malaysia and Thailand to further

strengthen the economic ties between Hong Kong and the two economies. In 2017-18, we will continue to take forward various cooperation initiatives under the above arrangements.

Besides, we are now actively negotiating FTAs with the Association of Southeast Asian Nations (ASEAN), Macao, Georgia and Maldives. Forging FTAs with these trading partners will not only enhance market access for Hong Kong's goods, services and investments to these markets, but also enhance Hong Kong's further participation in regional economic integration. We will continue to explore possibilities of forging FTAs with other economies and closely monitor the development of FTAs in the region.

The expenditure of the above work has been subsumed under the overall estimated expenditure of the Commerce and Economic Development Bureau and the Trade and Industry Department. It is difficult to quantify separately.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)055

(Question Serial No. 0542)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is mentioned under Matters Requiring Special Attention in 2017-18 that the Commerce, Industry and Tourism Branch will “continue to maintain close communication with the Mainland authorities and assist the trade to adjust to changes in Mainland’s policies on processing trade”. What work has the Government done in this area in the past year? How effective was the work? What was the expenditure involved? In view of the changes in the Mainland’s policies on processing trade in recent years, has the Hong Kong Government assessed the impact of such changes on Hong Kong enterprises? What specific measures will the Government introduce in the coming year to assist Hong Kong enterprises to adjust to changes in the Mainland’s policies on processing trade? What are the expenditure and manpower involved?

Asked by: Hon CHUNG Kwok-pan (Member Question No. 8)

Reply:

In 2016-17, the Commerce, Industry and Tourism Branch assisted the trade to adjust to changes in the Mainland’s policy on processing trade through the following work:

- maintaining close dialogue with the trade through various channels, so as to understand the trade’s concerns and views; and maintaining close liaison with the Mainland authorities at various levels (including through the Hong Kong/Guangdong Expert Group on the Restructuring and Upgrading of the Processing Trade) to relay to them the trade’s views and to discuss with them support measures for the trade;

- disseminating information to Hong Kong enterprises by means of circulars and newsletters, and organising activities such as symposiums and seminars through the Trade and Industry Department (TID) and our Mainland Offices to enhance the trade's understanding of the Mainland's new policies, legislation and business environment. TID's website includes a dedicated page on economic and trade information of the Mainland, with hyperlinks to the economic and trade websites of about 200 Mainland authorities. This platform facilitates Hong Kong enterprises in getting access to economic and trade information of the Mainland;
- organising promotional activities and trade fairs, providing Mainland market information and organising delegations to visit the Mainland through the Hong Kong Trade Development Council (HKTDC), with a view to enhancing the trade's understanding of Mainland policies and market development;
- with regard to financial support, assisting small and medium enterprises (SMEs) through the on-going "SME Funding Schemes" in areas such as market promotion, acquisition of equipment, upgrading of operational and technical skills, business restructuring and relocation;
- continuing to implement the Dedicated Fund on Branding, Upgrading and Domestic Sales launched on 25 June 2012 to provide funding support to individual enterprises and non-profit-making organisations, so as to assist enterprises in enhancing their competitiveness and facilitating their business development in the Mainland;
- arranging our Mainland Offices to collaborate with trade associations and other organisations to organise "Hong Kong Week" promotional events in the Mainland in order to promote Hong Kong products and services, with a view to assisting Hong Kong enterprises in building up their brand image and exploring the domestic market; and
- providing platforms for Hong Kong enterprises, particularly SMEs, to showcase their products and build up greater awareness of Hong Kong brands in the Mainland through the network of Design Gallery shops in the Mainland (including physical outlets and online shops) by the HKTDC.

The Mainland authorities have responded positively to many proposals of the Government and the trade. Policies on fostering the development of processing trade have been announced, including the "Several Opinions of the State Council on Promoting the Innovative Development of Processing Trade" promulgated by the State Council on 18 January 2016, and the "Guangdong Province's Implementation Plan on Facilitating Innovation and Development of Processing Trade" promulgated by the People's Government of Guangdong Province on 2 September 2016, etc.

In 2017-18, we will continue with the above work. The manpower and expenditure of the above-mentioned work have been subsumed within the establishment and provision for this Bureau and the relevant departments and organisations. It is difficult to quantify them separately.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)056

(Question Serial No. 0545)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The “Matters Requiring Special Attention in 2017-18” under this Programme of the Commerce, Industry and Tourism Branch include continuing to oversee efforts to promote awareness of and respect for intellectual property (IP) rights (IPR) in the community and the business sector, particularly amongst small and medium enterprises (SMEs). Please inform this Committee of the effectiveness and expenditure on the work in this regard in 2016-17. In the coming year, how many resources will the Government spend on the promotion of IPR, particularly amongst SMEs? What are the specific work plans and the estimated expenditure?

Asked by: Hon CHUNG Kwok-pan (Member Question No. 9)

Reply:

The Intellectual Property Department (IPD) attaches great importance to promotion and education work concerning enhancing the awareness of and respect for IPR. IPD launched the “No Fakes Pledge” Scheme (which encourages retail merchants to pledge not to sell counterfeit and pirated products) and the “I Pledge” Campaign (which encourages consumers not to buy or use pirated and counterfeit goods) in 1998 and 1999 respectively. In addition, IPD produces Announcements of Public Interest (APIs) from time to time to promote the importance of respecting and protecting IPR. IPD also organises and operates interactive drama programmes for schools with the theme of respecting IPR on the internet, interactive tutorial websites, visits to primary and secondary schools as well as seminars in tertiary institutions to spread the messages of respecting creativity, stopping online infringement, protecting copyright, etc. Furthermore, IPD collaborates with various

organisations in conducting and supporting a wide range of promotion and education activities to disseminate the message of respecting, protecting and managing IPR to the public through different channels such as talks, concerts, creative competitions and promotion videos. In 2017-18, IPD will continue the above measures for promoting awareness of the importance of IPR protection to the public. The work plan includes:

- (i) producing a new API to be broadcast on television;
- (ii) producing leaflets for distribution at seminars, exhibitions and schools and for uploading onto IPD's website;
- (iii) placing supplements in local newspapers targeted at students; and
- (iv) organising the "I Pledge Live Band Festival" for members of the "I Pledge" Campaign.

The business sector (including SMEs, business associations, IP intermediaries, etc.) remains a prime target of IPD's promotion and education efforts. Through activities such as seminars and exhibitions organised by IPD or in collaboration with other organisations, IPD will continue to help SMEs understand the importance of protecting their IPR and to raise awareness of innovation and IP trading among them. In 2017-18, the programmes that IPD will carry out in Hong Kong include:

- (i) continuing to implement the "IP Manager Scheme" and provide training courses and relevant information for IP managers. IPD also organises "Practical Workshops for IP Managers" regularly in order to encourage and assist IP managers to effectively protect and manage IP assets in their enterprises, and to integrate IP commercialisation and IP trading into their overall business strategy;
- (ii) continuing to implement the free "IP Consultation Service Scheme" with the Law Society of Hong Kong to provide face-to-face consultation service for SMEs, with a view to enhancing SMEs' understanding of IP and assisting them in developing effective IP management and commercialisation strategies;
- (iii) working with partners with expertise in IP transactions and legal knowledge to compile a booklet containing basic practical guidelines on two areas, namely "IP audit" (management for day-to-day business) and "IP due diligence" (due diligence for IP transactions), which is expected to be made available in the first half of this year;
- (iv) continuing to update and enrich the content of the dedicated website "Hong Kong - The IP Trading Hub" (www.ip.gov.hk) in order to facilitate local SMEs and other stakeholders in obtaining the latest information on IP trading;
- (v) continuing to co-organise the "Business of IP Asia Forum" with the Hong Kong Trade Development Council and the Hong Kong Design Centre;
- (vi) participating actively in major exhibitions and seminars for SMEs held in Hong Kong, such as the "Entrepreneur Day", "Hong Kong International Licensing Show", and exhibition held in parallel with the "Business of IP Asia Forum";

- (vii) co-organising promotion activities, such as seminars and exchange activities, with various business associations, to brief SMEs on the latest information on IPR as well as issues on the protection and management of IPR, and distributing relevant booklets at these events;
- (viii) continuing to sponsor and promote training courses on IP-related subjects organised by professional bodies and business organisations, so as to nurture talent;
- (ix) carrying out a survey to understand the manpower situation in respect of IP trading and management, identify skillset requirements and training needs, and conduct manpower forecast, etc. IPD plans to complete the survey in the first quarter of 2018;
- (x) continuing to promote IP trading and support services through different channels, including newspapers, websites, exhibitions, seminars and business associations;
- (xi) continuing to produce and promote videos on success stories of IP commercialisation to enhance public awareness of IP trading and cross-sector co-operation, and to enable SMEs to understand the advantages and opportunities brought by IP trading; and
- (xii) continuing to co-operate with the relevant Mainland authorities and various international and overseas IP organisations to promote the concept of IP trading and IP commercialisation.

To help the business sector (including SMEs, business associations, IP intermediaries, etc.) strengthen protection and management of their IPR on the Mainland, IPD maintains close co-operation with the Mainland authorities responsible for IP protection. In 2017-18, activities that IPD will organise include:

- (i) continuing to co-organise the “Mainland, Hong Kong SAR and Macao SAR Intellectual Property Symposium” with the State Intellectual Property Office and the Macao Economic Services of the Macao SAR Government to keep the business sector abreast of the latest development of IP protection and IP trading in the three places; and
- (ii) continuing to co-organise activities with the IP authorities of the Guangdong Province under the framework of the “Guangdong/Hong Kong Expert Group on the Protection of Intellectual Property Rights” to promote IP creation, exploitation, protection and trading in the two places as well as the development of IP industry. Activities will include organising thematic seminars, and updating and enriching the content of the “Intellectual Property Database for Guangdong, Hong Kong and Macao” (www.ip-prd.net) as well as the “Guangdong/Hong Kong IP Co-operation Corner”, “Mainland Enterprises Corner” and “Mainland and Hong Kong Trademark Column” on IPD’s website (www.ipd.gov.hk), with a view to providing the business sector with information about IP protection, management and trading in Guangdong, Hong Kong and Macao, including laws and regulations, registration procedures, law enforcement, and promotion and education activities. IPD will also continue to organise thematic exchange activities to enable the business sector to establish contact with the IP authorities and business sector on the Mainland, with a view to enhancing the understanding of IP management and trading in the two places and fostering mutual co-operation on IP trading.

Regarding the effectiveness of the above work, apart from maintaining liaison with the business sector and stakeholders, IPD collects feedback from participants of the relevant promotion and education activities to evaluate the effectiveness of these activities and draw up appropriate promotion strategies and programme plans. In 2016-17, IPD participated in four exhibitions; and the seminars, public lectures, workshops, exchange activities, training programmes and consultation services organised by IPD attracted about 1 800 participants and were well received.

Moreover, the law enforcement agency for IPR, the Customs and Excise Department (C&ED), enhances public awareness of IPR through various channels, including seminars and talks organised in collaboration with IPD, the Consumer Council, industry associations and major business associations from time to time. C&ED will continue to organise publicity and education activities to raise the community's awareness of IPR.

Workload in relation to promoting awareness of and respect for IPR, and the supervision thereof, is subsumed in the existing establishment and provision of the Government. It is difficult to quantify the resources required.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)057

(Question Serial No. 1584)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Under this programme, matters requiring special attention from the Commerce and Economic Development Bureau in 2017-18 include, inter alia, extending the application period of the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) for 5 years and continuing to work with the Trade and Industry Department (TID) and the Hong Kong Productivity Council (HKPC) to implement the BUD Fund to support Hong Kong enterprises to develop their brands, upgrade and restructure their operations and promote sales in the Mainland domestic market. Will the Government inform this Committee of the applications of the BUD Fund in the past 3 years? In 2016-17, what efforts have been made by the Government in supporting Hong Kong enterprises to develop their brands, upgrade and restructure their operations and promote sales in the Mainland domestic market? What was the effectiveness? What Mainland domestic markets have been developed? What is the work plan for the 2017-18 financial year? What is the expected expenditure?

Asked by: Hon CHUNG Kwok-pan (Member Question No. 53)

Reply:

The Commerce, Industry and Tourism Branch has been assisting Hong Kong enterprises in developing brands, upgrading and restructuring business operations and developing domestic sales in the Mainland through various means, including maintaining close dialogue with the trade through various channels, so as to understand the trade's concerns and views; and maintaining close liaison with the Mainland authorities at various levels (including through the Hong Kong/Guangdong Expert Group on the Restructuring and Upgrading of the Processing Trade) to relay to them the trade's views and to discuss with them support measures for the trade; disseminating information to Hong Kong enterprises by means of circulars and newsletters, and organising activities such as symposiums and seminars through the Trade and Industry Department (TID) and our Mainland Offices to enhance the trade's understanding of the Mainland's new policies, legislation and business environment; organising promotional activities and trade fairs, providing Mainland market information

and organising delegations to visit the Mainland through the Hong Kong Trade Development Council (HKTDC), with a view to enhancing the trade's understanding of Mainland policies and market development; assisting small and medium enterprises (SMEs) through the on-going "SME Funding Schemes" in areas such as market promotion, acquisition of equipment, upgrading of operational and technical skills, business restructuring and relocation; continuing to implement the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) launched on 25 June 2012; arranging our Mainland Offices to collaborate with trade associations and other organisations to organise "Hong Kong Week" promotional events in the Mainland in order to promote Hong Kong products and services, with a view to assisting Hong Kong enterprises in building up their brand image and exploring the domestic market; providing platforms for Hong Kong enterprises, particularly SMEs, to showcase their products and build up greater awareness of Hong Kong brands in the Mainland through the network of Design Gallery shops in the Mainland (including physical outlets and online shops) by the HKTDC; disseminating practical reference information related to brand development to Hong Kong enterprises through various channels (such as brand promotion website) and co-organising seminars with the HKTDC, local business associations and other relevant organisations in which renowned local, Mainland and overseas entrepreneurs and experts were invited to share their experience in establishing brands and market development strategies through TID. In 2017-18, we will continue with the above work. The manpower and expenditure of the above-mentioned work have been subsumed within the establishment and provision for this Bureau and the relevant department. It is difficult to quantify them separately.

Regarding the BUD Fund, the vetting results in the past three years are as follow:

	2014	2015	2016
Enterprise Support Programme (ESP)			
Applications Processed ^{Note1} (Excluding all Applications Withdrawn)	234	196	514
Number of Applications Approved	85	129	397
Amount of Funding Approved	Around \$41 million	Around \$54 million	Around \$107 million
Organisation Support Programme (OSP)			
Applications Processed ^{Note1} (excluding all applications withdrawn)	19	19	17
Number of Applications Approved	8	5	10
Amount of Funding Approved	Around \$24 million	Around \$18 million	Around \$32 million

Note 1: The Programme Management Committee /Vetting Committee normally vets applications by batch two to three months after the deadline of submission for each batch of applications.

We have been reviewing the operation and implementation of the BUD Fund on an on-going basis, and have implemented enhancement measures, for example, launching the “ESP Easy – Simplified Application Track” under ESP in August 2015 which adopts a set of simplified application procedures to fund enterprises in undertaking specified activities^{Note2}; and introducing the “Simplified Option” under ESP in October 2016 under which enterprises would not need to set up a separate project account and could commence projects as early as the date after submission of the application, with no initial disbursement to be made.

Up to end February 2017, 252 ESP and 39 OSP projects have been completed. According to our survey results, about 99% of the enterprises that have completed their ESP-funded projects considered the ESP effective in assisting in the business development of enterprises. Enterprises also generally considered that the projects had helped them in enhancing the awareness of the brand, improving product quality, developing new products, developing domestic sales network, enhancing the overall competitiveness of enterprises, increasing domestic sales turnover, etc. Although whether the Mainland business of the enterprises could develop successfully in the future would depend on a variety of factors, the funding under the BUD Fund can enhance the overall competitiveness of the enterprises and lay foundation for their further development in the Mainland market. In addition, if the funded Hong Kong enterprises achieve better development in the Mainland market, it would also benefit their business operations in Hong Kong in the long run, and generate demand for professional services or other services in Hong Kong.

In respect of OSP, through implementing the projects, organisations can assist enterprises of the relevant sectors to enhance their competitiveness in the Mainland market through developing brands, upgrading and restructuring business operations and promoting domestic sales. For the 59 projects approved as at the end of February 2017, various activities would be held in 28 Mainland cities, e.g. participating in and setting up “Hong Kong pavilions” at large-scale exhibitions to showcase Hong Kong brands; organising roadshows; collaborating with retail networks in the Mainland to promote the products and services of Hong Kong enterprises, etc. Participating enterprises were generally satisfied with the effectiveness of and benefits brought about by the projects, and they considered that the projects could enhance the brand image and competitiveness of their products or services in the Mainland market. Quite a number of enterprises also considered that the projects had enhanced their understanding of the market environment and regulations in the Mainland and assisted them in building up business networks in the Mainland, thereby boosting their confidence in exploring the domestic sales market.

In view that the BUD Fund can effectively achieve the policy objective of assisting enterprises in developing business in the Mainland, we will extend the application period of the BUD Fund for five years to continue to assist Hong Kong enterprises in enhancing their competitiveness and furthering business development in the Mainland through developing brands, upgrading and restructuring operations and promoting domestic sales in the Mainland.

Note 2: Including participation in Mainland exhibitions, establishment or enhancement of websites or online shops, development or enhancement of mobile applications, placement of advertisements in the Mainland, undertaking testing and certification for products for domestic sales, design and production of publicity materials for distribution in the Mainland, and application for registration of patent, trademark, design and utility model in the Mainland.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)058

(Question Serial No. 1588)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (3) Subvention: Hong Kong Trade Development Council

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

For “Matters Requiring Special Attention in 2017-18” under this Programme, the Government will, inter alia, nurture a new generation of young professionals and entrepreneurs to embrace challenges of the new global economic order and technological advances. Please advise this Committee of the specific work plan, the main sectors to be helped and the estimated expenditure of the work. Please also advise on the implementation, the effectiveness and the expenditure of the work in the past year.

Asked by: Hon CHUNG Kwok-pan (Member Question No. 54)

Reply:

Nuturing a new generation of entrepreneurs and start-ups is one of the key tasks in a new three-year planning cycle of the Hong Kong Trade Development Council (TDC) commencing in 2017-18. In 2017-18, TDC will focus on helping start-ups and young entrepreneurs embrace the challenges brought by new global economic trends and technology advancements; helping them expand to the Mainland and overseas; and enhancing their medium-term competitiveness under the Belt and Road Initiative. Key initiatives include:

Small and Medium Enterprises (SMEs) and start-ups

- Transform *World SME Expo* into a new mega expo, *SmartBiz Expo*, focusing on innovation, technology and design to support a new generation of SMEs;
- Position “Opportunities Hall” of *SmartBiz Expo* to focus on opportunities in the Asia region to help SMEs capture the emerging opportunities in Asia;
- Transform *Entrepreneur Day (E-Day)* into a start-up networking platform;
- Expand the “Cross-matching Zone” and “Innovative Technology Zone” in *E-Day*;
- Expand the “Start-up Runway” in *E-Day* into a two-day flagship conference;

- Introduce a new outreach programme “Start-ups Meet”;
- Launch an “International Trade Fastpass” seminar series, covering practical operation-related topics and sales and marketing channels to encourage more start-ups to engage in international trade;
- Create networking and collaboration opportunities between Hong Kong and Mainland start-ups in “Maker Spaces” in tech-savvy Mainland cities and areas such as Shenzhen, Dongguan, and Zhongguancun; and
- Create a new section in the SME & Start-up Portal on Belt and Road opportunities.

Young entrepreneurs and youths

- Organise a Young Business Leaders Forum concurrent with the Belt and Road Summit;
- Enhance outreach programme to trade and industry associations to introduce opportunities for export and relocation of production base under the Belt and Road initiative;
- Collaborate with local organisations such as the Hong Kong Young Industrialists Council to encourage their members to participate in TDC’s Belt and Road-related activities; and
- Introduce an “Entrepreneur Experience Taster” programme to promote entrepreneurship among local tertiary students.

The above are part of the work covered under Programme (3) to be carried out by TDC’s existing staff. We do not have breakdown of staff establishment and expenditure for individual items.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)059

(Question Serial No. 1699)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (3) Subvention: Hong Kong Trade Development Council

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Hong Kong Trade Development Council (TDC) has set up more than 40 offices worldwide, 13 of which are in the Mainland. Please advise whether the TDC will set up new overseas offices in 2017-18, particularly in emerging markets to facilitate local small and medium enterprises to explore business opportunities and expand their operations. If yes, what are the respective number and locations as well as the expenditure? Which sectors will be the focus of publicity efforts? Also, are there specific work plan or major promotion projects? Please list them out in detail.

Asked by: Hon CHUNG Kwok-pan (Member Question No. 15)

Reply:

In 2017-18, the Hong Kong Trade Development Council (TDC) plans to upgrade its Consultant office in Seoul, Korea to a full office, and to explore strengthening its operations in the Philippines. The Seoul office will support TDC's promotional activities and help Hong Kong companies expand their businesses in the region. In 2017-18, the expenditure of the Seoul office is budgeted at around \$6.8 million.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)060

(Question Serial No. 1702)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (3) Subvention: Hong Kong Trade Development Council

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Under Matters Requiring Special Attention in 2015-16, it was stated that the Hong Kong Trade Development Council (TDC) would enhance the competitiveness of Hong Kong small and medium enterprises (SMEs) and start-ups in the digital era by assisting them to capture business opportunities arising from the E-tailing trend. In 2016-17, the TDC switched to assisting Hong Kong SMEs and start-ups to explore business opportunities in e-commerce. In 2017-18, it further switched to “helping Hong Kong exporters unlock opportunities presented by changing retail and consumption patterns around the world; and helping Hong Kong SMEs tap business opportunities in mature markets and emerging markets along the Belt and Road”. Please advise this Committee of the effectiveness of the work undertaken by the TDC to assist Hong Kong SMEs to explore business opportunities (especially those arising from the e-tailing trend and e-commerce) in the past 3 years and the respective expenditures involved. What are the specific measures or plans in the coming year, and how much will be involved in their implementation? What is the expected outcome? Please provide a breakdown of the information.

Asked by: Hon CHUNG Kwok-pan (Member Question No. 16)

Reply:

In the past few years, the Hong Kong Trade Development Council (TDC) strived to help Hong Kong companies to tap e-commerce and e-tailing opportunities. TDC collaborated with a number of e-tailers to set up online Design Gallery shops or pages on various online platform. So far, more than 1 000 Hong Kong brands have been featured under the Design Gallery online platform, offering products such as fashion accessories, jewellery, watches, gifts, houseware, consumer electronics, food products, etc.

On e-commerce, TDC launched the *HKTDC Marketplace app*, a one-stop platform offering information and content of TDC fairs, product magazines and website *hktdc.com*. TDC also

launched an e-commerce platform *hktdc.com Small Orders* to seamlessly connect buyers and suppliers, and collaborated with a number of speed delivery organisations to offer discounts to suppliers selling via the platform. Currently, *hktdc.com* has over 1.7 million registered buyers, and made over 20 million business connections annually.

TDC commences a new three-year planning cycle in 2017-18. One of the objectives is to help Hong Kong companies explore opportunities in the face of a sluggish export market. In 2017-18, TDC will adopt new strategies to help Hong Kong exporters seize new opportunities arising from e-tailing and e-commerce. Key initiatives include:

- Organise e-tailing conference concurrent with *SmartBiz Expo*, focusing on trends of e-commerce;
- Introduce a business matching programme tailored for renowned e-tailers riding on their visits to TDC's trade fairs;
- Set up new Online-to-Offline (O2O) *Design Gallery* outlets in selected Mainland cities;
- Set up an *Online Design Gallery* WeChat Store;
- Launch thematic and infotainment-related promotional campaigns on WeChat and other social media platforms;
- Transform *HKTDC Marketplace* app into a mobile integrated sourcing platform for buyers through personalisation and expanded features; and
- Extend the penetration of *hktdc.com Small Orders* on the Mainland by developing a Chinese transactional platform.

The above are part of the work covered under Programme (3) to be carried out by TDC's existing staff. We do not have breakdown of staff establishment and expenditure for individual items.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)061****(Question Serial No. 1703)**

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (3) Subvention: Hong Kong Trade Development Council

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Hong Kong Trade Development Council (TDC) was tasked to promote Hong Kong as a platform for doing business with the Mainland and throughout Asia in the last financial year, while it will further promote Hong Kong as a platform for doing business with “the world” in this financial year. Please advise this Committee if there is any new work plan, the results achieved by TDC in this regard and the expenditure involved in 2016-17. Under the Trump Effect, there may be changes in the global economy in this year. What is TDC’s specific plan or strategy to promote Hong Kong as a platform for doing business throughout the world in 2017-18? What are the details of the estimated provision, staff establishment, expected results? Is additional manpower required?

Asked by: Hon CHUNG Kwok-pan (Member Question No. 17)

Reply:

In 2016-17, to promote Hong Kong as a business platform connecting Mainland and Asia, the Hong Kong Trade Development Council (TDC) organised around 850 events to promote Hong Kong trade and services, with close to 77 000 companies participated. Major events include organising various large-scale trade fairs and services conference in Hong Kong; *SmartHK* in Chengdu, Mainland; *In Style • Hong Kong* in Bangkok, Thailand; as well as *Think Asia, Think Hong Kong* in Dusseldorf, Frankfurt, Hamburg and Munich in Germany.

TDC commences a new three-year planning cycle in 2017-18. One of the focuses is to fortify Hong Kong’s central role as a two-way investment and business hub for Asia. Apart from organising various large-scale trade fairs and services conferences in Hong Kong, TDC will also organise flagship events in Mainland and overseas, including *SmartHK* in Fuzhou, Mainland, *In Style • Hong Kong* in Kuala Lumpur, Malaysia, and *Think Asia, Think Hong Kong* in London, the United Kingdom. TDC will also organise

Hong Kong companies to explore new business opportunities in Belt and Road markets, organise exhibitions in potential markets to promote Hong Kong products and services.

The above are part of the work covered under Programme (3) to be carried out by TDC's existing staff. We do not have breakdown of staff establishment and expenditure for individual items.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)062

(Question Serial No. 1767)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (3) Subvention: Hong Kong Trade Development Council

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The work of the Hong Kong Trade Development Council (TDC) in 2016-17 included “providing comprehensive development and training programmes to assist Hong Kong companies penetrating new markets and niche sectors”. However, such work is no longer mentioned in 2017-18. Please inform this Committee of the details of the work undertaken by the TDC in this area in 2016-17, as well as the expenditure involved and the effectiveness in terms of new markets and niche sectors penetrated. Please set out the details in table form. Why does the TDC no longer assist Hong Kong companies penetrating new markets and niche sectors in the new financial year of 2017-18? Are there any difficulties encountered? If the TDC will continue to carry out such work, what are the work plan, estimated provisions, staff establishment and expected achievements? Which sectors and new overseas markets will be selected for focused development?

Asked by: Hon CHUNG Kwok-pan (Member Question No. 18)

Reply:

In 2016-17, the Hong Kong Trade Development Council (TDC) proactively assisted Hong Kong companies in developing emerging markets. Apart from providing small and medium enterprises (SMEs) with the latest market intelligence through its multimedia portal “HKTDC Research” and a number of research publications, TDC organised a variety of activities, such as trade fairs, business missions, product displays and incoming buying missions, etc. TDC has brought a total of nearly 500 SMEs to Cambodia, Colombia, Cuba, India, Indonesia, Iran, Kazakhstan, Mexico, Thailand and United Arab Emirates (UAE) to help them explore investment and export opportunities in these markets.

In October 2016, TDC organised the signature campaign “In Style · Hong Kong” in Bangkok, Thailand to promote Hong Kong brands and Hong Kong as a lifestyle trendsetter, as well as a concurrent symposium to promote Hong Kong’s advantage as a business platform. These events attracted over 60 000 participants. In addition, TDC staged a “Lifestyle Expo” in Dubai, UAE in partnership with the Department of Commerce of Guangdong Province, and collaborated with the Trade Development Bureau of the Ministry of Commerce of the People’s Republic of China to stage an inaugural “Lifestyle Expo” in New Delhi, India. The events attracted over 1 300 and 2 000 buyers respectively.

TDC also proactively promoted niche industries including green products, silver market, baby and pet products. In 2016-17, TDC organised a number of buying missions from the Mainland, Japan and emerging markets to Hong Kong, as well as a number of Hong Kong industry missions to Taiwan, Korea, Germany and the United States. TDC also organised Hong Kong companies to take part in major trade fairs in traditional markets tailored for niche industries, and promoted the same through its trade fairs in Hong Kong. About 600 Hong Kong companies participated in the above-mentioned activities.

In 2017-18, TDC will continue its promotional efforts to develop emerging markets and promote niche industries. In addition, TDC will commence a new three-year planning cycle. One of the focuses is to help Hong Kong SMEs tap business opportunities in the markets along the Belt and Road. Key initiatives include:

- Organise *In Style · Hong Kong* in Kuala Lumpur, Malaysia;
- Organise business-to-consumer lifestyle promotions in Bangkok, in cooperation with local retail outlets carrying Hong Kong brands and local Hong Kong-style restaurants, to sustain the momentum from the *In Style · Hong Kong* promotions last year;
- Collaborate with popular local e-tailing partners in ASEAN to feature Hong Kong products;
- Organise a business mission to Manila, the Philippines;
- Set up a Hong Kong Pavilion at the 15th China Products (Mumbai, India) Exhibition to promote lifestyle products;
- Organise *Lifestyle Expo* in Dubai, UAE;
- Organise a business mission to Central and Eastern Europe to study manufacturing relocation and investment opportunities; and
- Strengthen business matching services for buyers from Kazakhstan, Poland and Turkey visiting TDC’s trade fairs.

TDC will also promote new industries such as marketing, design as well as innovation and technology. Key initiatives include:

- Launch an inaugural branding and marketing conference *MarketingPulse* in Hong Kong;
- Transform *World SME Expo* into a new mega expo, *SmartBiz Expo*, focusing on innovation, technology and design to support a new generation of SMEs;
- Organise e-tailing conference concurrent with *SmartBiz Expo*, focusing e-commerce trends; and
- Rebrand *InnoDesignTech Expo* as *DesignInspire*, showcasing trendsetting design and innovations.

The above are part of the work covered under Programme (3) to be carried out by TDC's existing staff. We do not have breakdown of staff establishment and expenditure for individual items.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)063

(Question Serial No. 1773)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Under this Programme, it is stated that the Commerce, Industry and Tourism Branch will continue to work with the Hong Kong Export Credit Insurance Corporation (ECIC) to assist Hong Kong exporters in 2017-18. Please inform this Committee of the number of applications approved by the ECIC last year? What is the amount of insurance coverage involved? What types of enterprises have applied for insurance coverage? What is the number of claims cases and how many of them are approved? Please set out the specific details of the service in table form. Providing small and medium enterprises (SMEs) with export credit insurance encourages and supports the export trade of Hong Kong. In point 3 under paragraph 64 "Support for Small and Medium Enterprises" of the Budget Speech, the Financial Secretary proposed to strengthen the underwriting capacity of the ECIC by raising the cap on the contingent liability of ECIC under contracts of insurance from \$40 billion to \$55 billion. Please advise this Committee of whether the proposal will lead to an increase in government expenditure? What is the expenditure involved? How many SMEs are expected to be benefited?

Asked by: Hon CHUNG Kwok-pan (Member Question No. 19)

Reply:

The number of new policy applications, the number of new policies issued, the total maximum liability of new policies issued and the types of enterprises applying to the Hong Kong Export Credit Insurance Corporation (ECIC) for new policies in the 2016-17 financial year are as follows:

Financial year 2016-17 (As at 28 February 2017)	
Number of new policy applications	891 applications
Number of new policies issued	422 policies
Total maximum liability of new policies issued	\$2.017 billion
Types of enterprises applied for new policies	Major industries are textiles & clothing, electronics & electrical appliances, toys, jewellery and metallic products.

Note: (1) In the 2016-17 financial year, as some policyholders switched their existing policies to Small Business Policy (SBP) after the launch of SBP on 1 March 2013, the above figures do not cover the number of SBP conversion.

(2) Each insurance policy has a maximum liability which represents the maximum amount of claims payable by ECIC during a policy period. The total maximum liability represents the aggregate amount of maximum liability of all new policies issued.

In processing claims, ECIC will abide by its claims payment obligation in accordance with the terms and conditions of the Policy. Policyholders also have to abide by the insurance principles and the terms and conditions of the Policy, and to take all reasonable and practicable measures and all actions required by ECIC to prevent or minimise losses. On receipt of notification of payment difficulty cases from policyholders, ECIC will keep in contact with the policyholders and follow up the development of the cases, and will advise the policyholders to take appropriate loss minimisation actions. Among the payment difficulty cases, some were eventually resolved with payment from the buyers and thus no claims payment from ECIC is required, and some claims were rejected because the policyholders had failed to comply with the terms or conditions of the policy. Details on the claim cases handled by ECIC in the 2016-17 financial year are tabulated below:

2016-17 Financial year (As at 28 February 2017)	
Payment Difficulty cases	168
Claim Payment cases ^(*)	40
Cases Resolved	20
Cases Rejected	4
Cases still under Review	104

^(*) Including cases involving claims expenses reimbursement to policyholders.

The proposal to raise the cap on the contingent liability of ECIC from \$40 billion to \$55 billion should not involve actual Government expenditure until ECIC has exhausted all its capital and reserves which stood at \$2.141 billion as at 31 March 2016.

ECIC has over 3 000 policyholders, and among them over 90% are small and medium enterprises. The new cap will not only support existing policyholders to secure new buyers and explore new markets to expand their business, but will also provide protection for new policyholders to cover their buyer and country risks so as to grasp new business opportunities. The number of Hong Kong enterprises that can benefit from the proposal will depend on the global trading environment and the credit limits of the applications. ECIC estimates that the new cap would be sufficient to meet the forecast growth of its insured business over the next five years.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)064

(Question Serial No. 1775)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (3) Subvention: Hong Kong Trade Development Council

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is stated in Matters Requiring Special Attention in 2016-17 that the Hong Kong Trade Development Council (TDC) will, inter alia, deepen penetration into ASEAN and Indian markets, leveraging the Belt and Road Initiative; take advantage of the recovering mature markets to promote Hong Kong's merchandise export; target regional markets along the Belt and Road... and capitalise on the Belt and Road Initiative; reinforce Hong Kong's position as Asia's international maritime centre and air cargo hub; position Hong Kong as Asia's IP marketplace and innovation hub; brand Hong Kong as the go-to platform for global companies' Asian strategy. Please inform this Committee of the effectiveness of the work undertaken by the TDC under the Belt and Road Initiative in the past year. What is the expenditure involved? In the new financial year of 2017-18, the task of the TDC is to "develop Hong Kong into the premier Belt and Road intelligence hub and project matching platform; reinforce Hong Kong as the gateway to Asia for global business; tap business opportunities arising from the 13th Five-Year Plan". In this connection, what are the specific work plans? What is the amount of provision to be allocated and the manpower involved in the implementation of such work? What is the expected effectiveness?

Asked by: Hon CHUNG Kwok-pan (Member Question No. 20)

Reply:

In 2016-17, the Hong Kong Trade Development Council (TDC) organised a variety of activities to help Hong Kong small and medium enterprises tap business opportunities under the Belt and Road Initiative. Among them, the Government and TDC organised the inaugural Belt and Road Summit in May 2016, which was attended by over 2 400 political and business leaders. TDC also promoted sectoral opportunities under the Belt and Road Initiative in other large-scale events; organised outbound missions to Belt and Road countries to help Hong Kong companies seize Belt and Road opportunities; and

strengthened the content and service of the Belt and Road Portal to feature investment projects and Hong Kong service providers.

TDC commences a new three-year planning cycle in 2017-18. One of the focuses is to fortify Hong Kong's central role as a two-way investment and business hub for Asia. TDC's aim in 2017-18 is to develop Hong Kong into the premier Belt and Road intelligence hub and investment integrator while championing Hong Kong as the gateway to Asia for global businesses. The Mainland will be a particular priority for our service providers with the many opportunities arising from the 13th Five-Year Plan. Key initiatives include:

Develop Hong Kong into the premier Belt and Road intelligence hub and project matching platform

- Enrich the Belt and Road portal with case references on services provided by Hong Kong companies in Belt and Road countries, as well as with the addition of key industry players in risk management, environmental and related technology in the database of Hong Kong service providers;
- Build the Belt and Road Summit as the premier event for Belt and Road in the region and globally;
- Include Belt and Road-themed elements into its anchor services industry events, such as the Asian Financial Forum, Asian Logistics and Maritime Conference, Hong Kong International Film and TV Market and Hong Kong International Licensing Show;
- Establish strategic partnerships with key financial, research, investment and infrastructure-related organisations in Hong Kong, the Mainland, priority Belt and Road markets and related economies; and
- Organise investment and infrastructure-related missions to priority Belt and Road markets, and build business connections through TDC's worldwide network.

Reinforce Hong Kong as the gateway to Asia for global businesses

- Organise anchor conferences to promote Hong Kong's financial, logistics and maritime, intellectual property and licensing services;
- Organise anchor events in Hong Kong, including *Smartbiz Expo* and *DesignInspire*, to promote the city's creative, innovation and technology industries; and
- Organise anchor campaign overseas, such as *Think Asia*, *Think Hong Kong* in London, United Kingdom and *In Style • Hong Kong* in Kuala Lumpur, Malaysia, to promote the Hong Kong city brand.

Tap business opportunities arising from the 13th Five-Year Plan

- Transform *SmartHK* into a conference-led event focusing on innovation and upgrading related services;
- Organise *Creativity in Business* promotions in Mainland cities;
- Organise *Building for the Future* campaign in Fujian Province to explore opportunities in urbanisation and balanced development;

- Expand joint Mainland outbound investment programme from mature economies to cover Belt and Road economies as well as new areas such as infrastructure and manufacturing relocation; and
- Conduct research on Hong Kong's role in the Guangdong-Hong Kong-Macao Big Bay Area.

The above are part of the work covered under Programme (3) to be carried out by TDC's existing staff. We do not have breakdown of staff establishment and expenditure for individual items.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)065

(Question Serial No. 1777)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Financial Secretary has proposed to extend the application period of the time-limited special concessionary measures under the SME Financing Guarantee Scheme (SFGS) for one year to 28 February next year. In the meantime, the Commerce, Industry and Tourism Branch will continue to monitor the operation of the measures. Please tabulate by trade the number of applications for the special concessionary measures under the SFGS, the percentage of successful applications, and the reasons for unsuccessful applications in the past year. What is the average processing time for application vetting? With a one-year extension of the application period of the special concessionary measures, what is the estimated loan amount involved? Which trades have more pressing needs?

Asked by: Hon CHUNG Kwok-pan (Member Question No. 22)

Reply:

The Hong Kong Mortgage Corporation Limited (HKMC) launched the special concessionary measures under its existing SME Financing Guarantee Scheme (SFGS) on 31 May 2012 to provide 80% loan guarantees at concessionary fee rates. The Government provides a total loan guarantee commitment of \$100 billion. As at the end of February 2017, the HKMC has received over 13 000 applications and approved over 11 500 of them, involving a total loan amount of about \$46.1 billion and a total guarantee amount of about \$36.9 billion. Excluding 63 applications under processing and 1 278 applications withdrawn by lending institutions, the overall success rate of applications is about 99.3%. 85 applications have been rejected, and the percentage is about 0.7%. 13 applications were rejected due to failure to meet the eligibility requirements while the reasons for the remaining 72 applications being rejected included poor repayment ability, poor financial performance and account conduct, high leverage, poor record of accounts receivable, or having pending legal litigation with significant financial impact, etc.

The number of applications approved under the special concessionary measures by sector is as follows:

Sector	No. of Applications Approved	Percentage of Total Applications Approved
Manufacturing	2 711	23.4%
Textiles and clothing	517	4.5%
Electronics	248	2.1%
Plastics	215	1.9%
Printing and publishing	196	1.7%
Others	1 535	13.2%
Non-manufacturing	8 878	76.6%
Trading	5 317	45.9%
Wholesale and retail	1 045	9.0%
Construction	350	3.0%
Engineering	340	2.9%
Transportation/logistics	295	2.5%
Others	1 531	13.3%
Total	11 589	100.0%

The SFGS including the special concessionary measures is administered in accordance with prudent commercial principles. All guarantee applications should meet the requirements for obtaining a guarantee under the SFGS and enterprises should provide relevant documents. Since September 2014, the HKMC has streamlined the approval process for the application of guarantee. In general, the HKMC would issue the guarantee in three working days upon receipt of the application and complete supporting documents from the lending institutions.

As the loan amount involved and industry demand in the coming year will be affected by a number of factors, including the prevailing economic situation, we are unable to estimate.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)066

(Question Serial No. 1781)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is stated in Matters Requiring Special Attention in 2017-18 under this Programme that the Commerce, Industry and Tourism Branch will continue efforts in promoting co-operation between Hong Kong and Taiwan on trade, investment and tourism matters. Please advise this Committee of the effectiveness of these efforts over the past year and the expenditure involved. What specific measures will be adopted in the new financial year, and what are the estimated expenditure and the expected effectiveness?

Asked by: Hon CHUNG Kwok-pan (Member Question No. 21)

Reply:

The Hong Kong Special Administrative Region Government has been fostering co-operation between Hong Kong and Taiwan in the areas of trade, investment and tourism. Relevant work includes –

- On trade promotion, the Hong Kong Trade Development Council (HKTDC) has been actively promoting the commerce and trade cooperation and exchanges between Hong Kong and Taiwan, and encouraging Taiwanese enterprises to co-operate with Hong Kong companies and leverage on Hong Kong's services platform to tap the overseas and Mainland markets. Also, the Taipei Office of the HKTDC often organises various types of promotional activities to provide an interactive platform for enterprises of the two places, thereby creating opportunities for co-operation. In 2016-17, the HKTDC has organised more than 60 activities in Hong Kong and Taiwan to promote the economic and trade relations between the two places, including organising Taiwanese enterprises to participate in various exhibitions and forums held in Hong Kong. The HKTDC's relevant expenditure in 2016-17 is around \$6.8 million.

In 2017-18, the HKTDC will continue to promote trade ties between Hong Kong and Taiwan through organising different activities such as trade fairs, outbound missions, symposiums, seminars, roadshows and business matching activities, etc. In addition, the HKTDC will put more emphasis on promoting sectors where Hong Kong enjoys advantages, such as brand marketing, infrastructure and real estate, and licensing, etc. The estimated budget of the HKTDC for trade promotion work targeting Taiwan in 2017-18 is around \$6.8 million.

- On investment promotion, Invest Hong Kong (InvestHK) has been actively promoting Hong Kong's business advantages in Taiwan. Through the investment promotion unit at the Hong Kong Economic, Trade and Cultural office in Taiwan, InvestHK has been reaching out proactively to a wide spectrum of Taiwanese companies and visiting enterprises in different cities in Taiwan so as to encourage Taiwanese companies to leverage on the business advantages of Hong Kong to expand their regional operations. In 2016-17, InvestHK's expenditure on investment promotion work in Taiwan is around \$1 million (not including staff costs or other general expenses funded under Head 144).

In 2017-18, InvestHK will continue to promote the above work. It will conduct investment promotion visits so as to attract more Taiwanese companies to set up or expand their business in Hong Kong. The estimated budget of InvestHK for investment promotion work in the Taiwan market in 2017-18 is about \$1 million (not including staff costs or other general expenses funded under Head 144).

- On tourism, Taiwan is currently Hong Kong's second largest source market. The Hong Kong Tourism Board (HKTb) attracts young visitors and families to spend their vacation in Hong Kong by leveraging on the diverse mega events held in Hong Kong, such as Hong Kong Cyclothon, Hong Kong Wine & Dine Festival and Hong Kong WinterFest. Promotion initiatives will be undertaken through digital marketing and public relations promotion, as well as partnering with the trade to launch tactical sales of tourism products and consumer activities. The HKTb also disseminates the latest tourism information about Hong Kong such as dining trends to visitors in the Taiwan market from time to time. The revised estimate of the HKTb for the marketing programmes in the Taiwan market in 2016-17 is \$17.5 million. Overnight visitor arrivals from Taiwan increased by 4.9% in 2016.

In 2017-18, the HKTb will continue stepping up its marketing efforts targeted at the young and family segments in Taiwan. Besides collaborating with TV channels and digital media in Taiwan to showcase Hong Kong's unique and diverse travel experiences through new brand campaign videos and TV travelogues, the HKTb will join hands with the travel trade, hotels, attractions and airlines to launch attractive tourism products targeted at young visitors and families. In addition, the HKTb will strengthen its partnership with Taiwan to promote multi-destination itineraries and products featuring Hong Kong and Taiwan in long-haul markets. The estimated marketing budget of the HKTb in 2017-18 for the Taiwan market is \$12.2 million.

Regarding cruise tourism, the HKTB will continue to work with Taiwan and other neighbouring ports to leverage on the Asia Cruise Fund to promote co-operation among the ports in the region. The Asia Cruise Fund provides subsidies to cruise lines to encourage them to develop and promote cruise products featuring Hong Kong and other neighbouring ports (including Taiwan), so as to encourage them to include Hong Kong, Taiwan and other neighbouring ports in their itineraries in Asia, and to help increase the number of cruise ships visiting the region. At the same time, the HKTB, through the Asia Cruise Cooperation formed with other neighbouring ports (including Taiwan), will promote the tourism infrastructure and facilities, as well as the unique appeal of the participating ports to cruise lines through joint promotion and participation in large-scale industry events with a view to synergising the efforts, so as to encourage cruise lines to include the ports concerned in their itineraries.

Moreover, the Government will continue to, through the platforms of “Hong Kong-Taiwan Economic and Cultural Cooperation and Promotion Council” and “Hong Kong-Taiwan Business Co-operation Committee” of Hong Kong, and the “Taiwan-Hong Kong Economic and Cultural Co-operation Council” and “Economic Co-operation Committee” of Taiwan, foster economic and trade exchanges and co-operation between Hong Kong and Taiwan in different aspects.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)067

(Question Serial No. 1803)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

One of the main responsibilities of the Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch) (CITB) under this Programme is to formulate policies to support small and medium enterprises (SMEs). Please advise this Committee of the policy measures the CITB introduced to support SMEs in the past year and set out separately the expenditure involved, the effectiveness, and the number of SMEs benefited. Please also advise on the measures and new plans to be implemented by the CITB in 2017-18 to support SMEs, the respective expenditures involved, as well as the expected effectiveness. Some analyses predict that the global economy will be unstable in the coming year. Will the Government gauge the needs of SMEs in light of the latest situation and respond by putting in place appropriate policies or supporting measures? If yes, what are the details? If no, what are the reasons?

Asked by: Hon CHUNG Kwok-pan (Member Question No. 34)

Reply:

The Government attaches great importance to the development of SMEs. We review the various support measures from time to time in response to the economic situation in order to provide adequate and timely support to SMEs.

The existing measures and new initiatives implemented by the Commerce, Industry and Tourism Branch to support SMEs in 2016-17 and 2017-18 and their relevant expenditure are as follows:

- (1) The Hong Kong Mortgage Corporation Limited (HKMC) launched the special concessionary measures under its existing SME Financing Guarantee Scheme (SFGS) on 31 May 2012 to provide 80% loan guarantees at concessionary fee rates. The Government provides a total loan guarantee commitment of \$100 billion. The special concessionary measures are time-limited special measures. The original application period was 9 months, which was later extended four times to the end of February

2017. To further relieve the burden of borrowers, the Government has reduced the annual guarantee fee rate for the measures by ten per cent and removed the minimum guarantee fee rate for the measures starting from 1 June 2016. As at the end of February 2017, the HKMC has received over 13 000 applications and approved over 11 500 of them, involving a total loan amount of about \$46.1 billion and a total guarantee amount of about \$36.9 billion, and benefiting more than 7 100 local enterprises of various industries (including more than 6 500 SMEs) with more than 180 000 employees.

To continue to assist enterprises in obtaining loans in the commercial lending market, the Government has further extended the application period of the special concessionary measures to the end of February 2018, as announced in the 2017-18 Budget.

- (2) The three existing SME funding schemes under the Trade and Industry Department, namely the SME Loan Guarantee Scheme (SGS), the SME Export Marketing Fund (EMF) and the SME Development Fund (SDF), assist SMEs in obtaining finance, exploring markets and enhancing the overall competitiveness. The Government has injected \$1.5 billion into the SME Export Marketing and Development Funds, and implemented enhancement measures in the third quarter of 2015, including increasing the maximum amount of funding support for each project under the SDF from \$2 million to \$5 million and expanding the scope of the EMF, to strengthen the support for SMEs.

Provision for the SME funding schemes is under Programme (3) Support for Small and Medium Enterprises and Industries of Head 181 Trade and Industry Department. The implementation status of the SME Loan Guarantee Scheme (SGS), the SME Export Marketing Fund (EMF) and the SME Development Fund (SDF) in 2016 is as follows:-

	Number of applications approved	Number of SME beneficiaries	Amount of guarantees/ grants approved by the Government (\$million)
SGS	737	701	965.4
EMF	9 614	6 224	158.4
SDF	15	Not applicable ^{Note}	28.6

Note: SDF does not provide direct funding support to SMEs but non-profit distributing organisations (such as trade and industrial organisations, professional bodies or research institutes etc.). The number of beneficiaries depends on the industries involved and the details of individual projects, and is difficult to estimate accurately.

It is estimated that in 2017, the amount of guarantees to be approved by the Government under SGS is \$965 million, while the grants approved by the Government under EMF and SDF are \$158 million and \$28.6 million respectively.

- (3) On the intellectual property (IP) front, following the recommendations of the Working Group on IP Trading, the Government has already set aside provisions and would continue to work with the IP sector to implement a series of initiatives, including the provision of free consultation services by the Intellectual Property Department (IPD) (with the support of the Law Society of Hong Kong) to raise the IP awareness of SMEs and help them properly protect, manage and make good use of IP with a view to driving business growth. 157 consultations were completed as of end-February 2017.

IPD also supported SMEs to build up their manpower capacity, including launching the IP Manager Scheme in May 2015 to increase the competitiveness of enterprises (particularly SMEs) through IP management and commercialisation. At present, over 470 SMEs have joined the Scheme. IPD will provide relevant training and resources on IP management for the IP Managers. Four rounds of IP Manager Training Programme were held with a total of 750 participants since 2015. From April 2016 onwards, IPD also organised Practical Workshop for persons who have attended the IP Manager Training Programme which aims at assisting them to manage and integrate IP assets into their overall business strategy more effectively. IPD held 6 rounds of workshop with a total of 179 participants as of end-February 2017.

From 2015 onwards, IPD sponsored numerous training courses on IP related subjects conducted by professional and industry bodies to facilitate development of IP related services among professionals and nurture talents. Topics covered included patent search, practical skills in handling patent matters, preparation for the National Qualification Examination for Patent Agents, and IP valuation. There were 135 participants so far.

IPD will continue to promote the above initiatives in 2017-18 in view of favourable feedback.

- (4) The \$1 billion Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) was launched on 25 June 2012 to provide funding support to Hong Kong enterprises and non-profit-distributing organisations to assist enterprises in enhancing their competitiveness and furthering their business development in the Mainland. Up to end February 2017, 806 (including 781 applications from SMEs) and 59 applications have been approved under the Enterprise Support Programme and the Organisation Support Programme of the BUD Fund respectively. The total amount of funding approved is about \$287 million for ESP and \$194 million for OSP. The estimated expenditure for the provision of the BUD Fund in 2017-18 under Programme (3) Support for Small and Medium Enterprises and Industries of Head 181 Trade and Industry Department is \$111 million.

The Government also announced in the 2017-18 Budget that the application period of the BUD Fund will be extended for five years to continue to assist Hong Kong enterprises in furthering their business development in the Mainland.

- (5) The Hong Kong Trade Development Council (TDC) commences a new three-year planning cycle in 2017-18. One of the objectives is to help Hong Kong companies explore opportunities in the face of a sluggish export market. In 2017-18, TDC will adopt new strategies to help Hong Kong exporters seize new opportunities arising from e-tailing and e-commerce. Major initiatives include: setting up new Online-to-Offline (O2O) *Design Gallery* outlets in selected Mainland cities; setting up an *Online Design Gallery* WeChat Store; transforming *HKTDC Marketplace* app into a mobile integrated sourcing platform for buyers through personalisation and expanded features; and extending the penetration of *hktdc.com Small Orders* on the Mainland by developing a Chinese transactional platform. The relevant work will be carried out by TDC's existing staff. We do not have breakdown of expenditure for individual items.
- (6) The Retail Technology Adoption Assistance Scheme for Manpower Demand Management was launched in December 2014 to support the retail industry (in particular SMEs) to adopt technologies for enhancing their productivity. As of early March 2017, 426 applications were received. Of the 274 valid applications (i.e. those with all requisite information available), 238 applications (or 87%) were approved, including 227 applicants from SMEs. The total amount of funding approved was around \$8.86 million. According to initial assessment of the proposals submitted by enterprises, the aforementioned approved projects could save over 74,600 man-hours in each month, i.e. a saving of about 314 man-hours for each project on average.
- (7) The Hong Kong Export Credit Insurance Corporation (ECIC) has launched a "Small Business Policy" scheme for Hong Kong enterprises with an annual business turnover of less than \$50 million since 1 March 2013, providing exporters with more flexibility in taking out insurance cover. Since 1 March 2016, ECIC has provided permanent waiver of the annual policy fee of \$1,000 and premium discount of 20% for all "Small Business Policies" with a view to assisting SMEs in reducing operating cost. This measure is implemented within ECIC's overall budget, and does not involve additional government resources. From the launch of the scheme to 28 February 2017, ECIC issued over 1 900 "Small Business Policies".

The Government also proposed in the 2017-18 Budget to strengthen the underwriting capacity of ECIC by raising the cap on the contingent liability of ECIC under contracts of insurance from \$40 billion to \$55 billion so that it can continue to provide export credit insurance covers to Hong Kong exporters. The proposal should not involve actual Government expenditure until ECIC has exhausted all its capital and reserves which stood at \$2,141 million as at 31 March 2016.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)068

(Question Serial No. 1805)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (9) Subvention: Competition Commission

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The establishment of the Competition Commission under the Competition Ordinance (CO) in 2013, as stated in this Programme, has certain impacts on the operation of small and medium enterprises (SMEs). On publicity efforts to promote understanding and compliance of the CO by the public (SMEs in particular), what has been done and achieved in the past year? What publicity and educational efforts will be made in 2017-18 to enhance public understanding of the CO? Will any of these efforts target SMEs to help them better understand the CO so as to avoid contraventions due to misconceptions? What are the estimated expenditure and implementation schedule for such publicity efforts?

Asked by: Hon CHUNG Kwok-pan (Member Question No. 35)

Reply:

The Competition Commission ("Commission") has been actively reaching out to the public and businesses to enhance their understanding of the Competition Ordinance ("Ordinance") and encourage compliance. In 2016, the Commission held around 90 engagement briefings/meetings as well as six major seminars and workshops targeting both the public and businesses, in particular small and medium enterprises ("SMEs"). It also participated in trade shows organised by the Hong Kong Trade Development Council to promote the Ordinance and the spirit behind it among new start-ups and SMEs.

The Commission has launched extensive advocacy and promotional campaigns, including production of educational videos and TV Announcements in the Public Interest ("APIs"). In May 2016, the Commission launched a large scale "Fighting Bid-rigging Cartels" advocacy campaign to raise community awareness of bid-rigging as well as to educate the public, businesses and particularly SMEs on how to detect and prevent big-rigging. The campaign featured a territory-wide roving exhibition, seminars, an API, educational videos

and brochures. There is a “Fighting Bid-rigging Cartels” Information Centre on the Commission’s website featuring all relevant materials and serving as a “one-stop shop” for stakeholders who are interested in the topic.

Similar outreach activities in various formats as well as targeted campaigns with special focuses will be undertaken in 2017-18, including youth programmes, new videos, publications and seminars to assist the public and businesses, especially SMEs, to understand and comply with the Ordinance.

The Commission’s budget for 2017-18 includes about \$6.9 million for publicity and public education activities. This figure does not include staff cost or other general expenses which cannot be separately quantified.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)069

(Question Serial No. 1861)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Under this Programme, it is stated that the Commerce, Industry and Tourism Branch will continue to work with the Trade and Industry Department and the Hong Kong Productivity Council to implement the \$1 billion Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) to assist Hong Kong enterprises in enhancing their competitiveness and exploring the Mainland market. In point 1 under paragraph 64 “Support for Small and Medium Enterprises” of the Budget Speech, the Financial Secretary proposed “extending the application period for the Dedicated Fund on Branding, Upgrading and Domestic Sales for five years to June 2022 to assist Hong Kong enterprises in furthering their business development in the Mainland”. Would the Government inform this Committee of the implementation situation of the BUD fund in the past year? Please set out separately what results have been achieved by the efforts in supporting Hong Kong enterprises to develop their brands, upgrade and restructure their operations and promote sales in the Mainland domestic market. What are the performance indicators and specific plan for 2017-18? What is the estimated expenditure?

Asked by: Hon CHUNG Kwok-pan (Member Question No. 39)

Reply:

The Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) was launched in June 2012. Up to the end of February 2017, 1 594 and 139 applications (excluding all applications withdrawn) under the Enterprise Support Programme (ESP) and the Organisation Support Programme (OSP) of the BUD Fund respectively were processed. Of them, 806 ESP applications and 59 OSP applications were approved, and the total amount of funding approved was about \$287 million and \$194 million for ESP and OSP respectively.

We have been reviewing the operation and implementation of the BUD Fund on an on-going basis, and have implemented enhancement measures, for example, launching the “ESP Easy – Simplified Application Track” under ESP in August 2015 which adopts a set of simplified application procedures to fund enterprises in undertaking specified activities^{Note}; and introducing the “Simplified Option” under ESP in October 2016 under which enterprises would not need to set up a separate project account and could commence projects as early as the date after submission of the application, with no initial disbursement to be made.

Up to end February 2017, 252 ESP and 39 OSP projects have been completed. According to our survey results, about 99% of the enterprises that have completed their ESP-funded projects considered the ESP effective in assisting in the business development of enterprises. Enterprises also generally considered that the projects had helped them in enhancing the awareness of the brand, improving product quality, developing new products, developing domestic sales network, enhancing the overall competitiveness of enterprises, increasing domestic sales turnover, etc. Although whether the Mainland business of the enterprises could develop successfully in the future would depend on a variety of factors, the funding under the BUD Fund can enhance the overall competitiveness of the enterprises and lay foundation for their further development in the Mainland market. In addition, if the funded Hong Kong enterprises achieve better development in the Mainland market, it would also benefit their business operations in Hong Kong in the long run, and generate demand for professional services or other services in Hong Kong.

In respect of OSP, through implementing the projects, organisations can assist enterprises of the relevant sectors to enhance their competitiveness in the Mainland market through developing brands, upgrading and restructuring business operations and promoting domestic sales. For the 59 projects approved as at the end of February 2017, various activities would be held in 28 Mainland cities, e.g. participating in and setting up “Hong Kong pavilions” at large-scale exhibitions to showcase Hong Kong brands; organising roadshows; collaborating with retail networks in the Mainland to promote the products and services of Hong Kong enterprises, etc. Participating enterprises were generally satisfied with the effectiveness of and benefits brought about by the projects, and they considered that the projects could enhance the brand image and competitiveness of their products or services in the Mainland market. Quite a number of enterprises also considered that the projects had enhanced their understanding of the market environment and regulations in the Mainland and assisted them in building up business networks in the Mainland, thereby boosting their confidence in exploring the domestic sales market.

In view that the BUD Fund can effectively achieve the policy objective of assisting enterprises in developing business in the Mainland, we will extend the application period of the BUD Fund for five years to continue to assist Hong Kong enterprises in enhancing their competitiveness and furthering business development in the Mainland through developing brands, upgrading and restructuring operations and promoting domestic sales in the Mainland.

The manpower and expenditure of the above-mentioned work have been subsumed within the establishment and provision for this Bureau and the relevant department. It is difficult to quantify them separately.

Note: Including participation in Mainland exhibitions, establishment or enhancement of websites or online shops, development or enhancement of mobile applications, placement of advertisements in the Mainland, undertaking testing and certification for products for domestic sales, design and production of publicity materials for distribution in the Mainland, and application for registration of patent, trademark, design and utility model in the Mainland.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)070

(Question Serial No. 1875)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (3) Subvention: Hong Kong Trade Development Council

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is stated under this Programme that the work of the Hong Kong Trade Development Council (HKTDC) in 2017-18 includes providing training programmes and workshops to assist Hong Kong companies to enhance their capabilities. Please advise this Committee of the details of the training programmes and workshops to be provided by HKTDC. What are the expenditure, the sectors or industries mainly involved, as well as the expected results?

Asked by: Hon CHUNG Kwok-pan (Member Question No. 48)

Reply:

The Hong Kong Trade Development Council (TDC) commences a new three-year planning cycle in 2017-18. One of the key tasks is to nurture a new generation of entrepreneurs and start-ups and equip them for future economic development. In this regard, TDC will organise seminars for various industries, such as retail, franchising, logistics, etc., to introduce the latest market information as well as technological trends, such as e-commerce, internet of things, augmented realities and virtual realities, social media marketing, etc., with a view to enhancing the competitiveness of Hong Kong small and medium enterprises and start-ups. The above are part of the work covered under Programme (3) to be carried out by TDC's existing staff. We do not have breakdown of staff establishment and expenditure for individual items.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)071

(Question Serial No. 1880)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (7) Subvention : Hong Kong Tourism Board

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

For Matters Requiring Special Attention in 2017-18 under this Programme, it is stated that the Commerce, Industry and Tourism Branch will drive Meetings, Incentive Travels, Conventions and Exhibitions (MICE) tourism and consolidate Hong Kong's image as the "World's meeting place". Please advise this Committee of the effectiveness of these efforts over the past year and the expenditures involved. What are the specific measures and work schedules in the new financial year for continuing to put forward competitive bidding package, and cultivating the growth of small and medium-sized MICE groups, etc.? What are the expenditures involved and the anticipated effectiveness?

Asked by: Hon CHUNG Kwok-pan (Member Question No. 30)

Reply:

The revised estimate of the Hong Kong Tourism Board (HKTB) for promoting MICE tourism in 2016-17 is \$51 million.

In 2016, Hong Kong received 1.89 million overnight MICE visitors, representing an increase of 9.9% over 2015. The Meetings and Exhibitions Hong Kong (MEHK) under the HKTB provided support to over 950 MICE events during the year.

To attract high-spending MICE visitors to Hong Kong, in 2017-18, the HKTB will continue to adopt promotional strategies tailored for various MICE segments. It will also provide MICE event organisers and visitors with customised support and attractive offers to draw more MICE events of different scales to Hong Kong and consolidate Hong Kong's image as the "World's meeting place". The major relevant promotion work conducted by the HKTB in 2017-18 will include:

Meetings and incentives (M&I)

- focusing its promotional efforts on markets such as the Mainland, India, Indonesia, Southeast Asia and the United States (US), and reaching out to selected strategic sectors, namely the direct selling, insurance and finance, information technology, manufacturing and pharmaceutical sectors;
- participating in MICE trade shows, such as Incentive Travel & Conventions, Meetings (IT&CM) in the Mainland and SATTE in India, together with local travel trade to help them foster their relationship with M&I organisers;
- through an award programme, motivating travel agents to promote Hong Kong as the ideal destination for M&I trips to their corporate clients; and
- showcasing the latest offerings, MICE venues and unique travel experience of Hong Kong by organising familiarisation tours and travel missions for M&I organisers.

Conventions

- focusing its resources on Europe and the US, where most of the professional associations are headquartered, targeting to attract large-scale conventions from six strategic sectors, namely science, medical science, engineering, social science, technology and commerce, to Hong Kong;
- forming strategic partnerships with professional associations and professional conference organisers in Europe and the US, and proactively reaching out to as well as persuading their members to choose Hong Kong for organizing large-scale conferences and smaller-scale but recurrent business conferences;
- participating in international MICE trade shows in Europe and the US together with the local trade, for example, IMEX, to strengthen the connection between the local trade and professional conference organisers and promote Hong Kong's edges to these event organisers through different networking activities held at these trade shows; and
- strengthening the connection between professional associations in the Mainland and their corresponding local chapters in Hong Kong, and organising familiarisation tours for their representatives to gain better understanding of Hong Kong's edges as a MICE destination, thereby encouraging them to organise large-scale conventions in Hong Kong.

Exhibitions

- showcasing Hong Kong's core strengths at international industry events with key partners from the local exhibition sector, and upholding the city's image as Asia's fair capital as well as strengthening collaboration with the key exhibition venues in Hong Kong to attract more small to medium-sized exhibitions; and
- offering marketing support to exhibition organisers and working with the travel trade to provide exhibition visitors with customised travel packages, special offers and hospitality support to retain recurrent events and attract new ones.



In 2017-18, the HKTb plans to spend \$50.1 million on MICE promotion, including turning the annual additional provision of \$15 million for 3 years from 2014-15 onwards into recurrent funding, and the additional allocation of \$5 million likewise to the HKTb for providing financial support to local travel agents in developing their business by enhancing their ability to provide more attractive offers to the organisers of these small to medium-sized M&Is and conventions. The relevant scheme was launched in August 2016. As at end of February 2017, the HKTb received 150 applications which are expected to draw over 15 000 visitors.

All in all, the HKTb projects that the number of overnight MICE visitors in 2017 will be roughly the same as that of 2016.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)072

(Question Serial No. 1886)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (3) Subvention: Hong Kong Trade Development Council

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is stated in Matters Requiring Special Attention in 2017-18 that the Hong Kong Trade Development Council will, inter alia, nurture a new generation of young professionals and entrepreneurs to embrace challenges of the new global economic order and technological advances. Please inform this Committee of the specific plans for such work and the expenditure involved. Which sectors will be mainly benefited?

Asked by: Hon CHUNG Kwok-pan (Member Question No. 49)

Reply:

The Hong Kong Trade Development Council (TDC) commences a new three-year planning cycle in 2017-18. One of the key tasks is to nurture a new generation of entrepreneurs and start-ups and equip them for future economic development. In 2017-18, TDC will focus on helping start-ups and young entrepreneurs embrace the challenges brought by new global economic trends and technology advancements; helping them expand to the Mainland and overseas; and enhancing their medium-term competitiveness under the Belt and Road Initiative. Key initiatives include:

Small and Medium Enterprises (SMEs) and start-ups

- Transform *World SME Expo* into a new mega expo, *SmartBiz Expo*, focusing on innovation, technology and design to support a new generation of SMEs;
- Position “Opportunities Hall” of *SmartBiz Expo* to focus on opportunities in the Asia region to help SMEs capture the emerging opportunities in Asia;
- Transform *Entrepreneur Day (E-Day)* into a start-up networking platform;
- Expand the “Cross-matching Zone” and “Innovative Technology Zone” in *E-Day*;

- Expand the “Start-up Runway” in *E-Day* into a two-day flagship conference;
- Introduce a new outreach programme “Start-ups Meet”;
- Launch an “International Trade Fastpass” seminar series, covering practical operation-related topics and sales and marketing channels to encourage more start-ups to engage in international trade;
- Create networking and collaboration opportunities between Hong Kong and Mainland start-ups in “Maker Spaces” in tech-savvy Mainland cities and areas such as Shenzhen, Dongguan, and Zhongguancun; and
- Create a new section in the SME & Start-up Portal on Belt and Road opportunities.

Young entrepreneurs and youths

- Organise a Young Business Leaders Forum concurrent with the Belt and Road Summit;
- Enhance outreach programme to trade and industry associations to introduce opportunities for export and relocation of production base under the Belt and Road initiative;
- Collaborate with local organisations such as the Hong Kong Young Industrialists Council to encourage their members to participate in TDC’s Belt and Road-related activities; and
- Introduce an “Entrepreneur Experience Taster” programme to promote entrepreneurship among local tertiary students.

The above are part of the work covered under Programme (3) to be carried out by TDC’s existing staff. We do not have breakdown of staff establishment and expenditure for individual items.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)073

(Question Serial No. 1821)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Under the pilot scheme on food trucks, applicants are required to obtain the Food Factory Licence and the relevant licence from the Transport Department. As the constraints imposed by the licences may not dovetail with the operation mode of food trucks, will the Government create a new licence dedicated for food trucks? If yes, what are the details and the estimated expenditure involved? If no, what are the reasons?

Asked by: Hon HO Kai-ming (Member Question No. 33)

Reply:

There is at present no legislation governing the operation of food trucks in Hong Kong. To cater for the implementation of the Food Truck Pilot Scheme (the Scheme), the Food and Environmental Hygiene Department (FEHD) has adopted the Food Factory Licence (FFL) issued under the Food Business Regulation (Cap 132X) as the licence for food trucks on a provisional basis. Apart from the FFL, the vehicle has to be classified as a special purpose vehicle (SPV), with body type classified as "food processor" by the Transport Department. To ensure food safety and environmental hygiene, FEHD has imposed relevant licensing requirements for the food truck operators for compliance. Moreover, food trucks are subject to regular/surprise inspections of FEHD Health Inspectors to ensure their compliance with the licensing requirements and relevant food safety regulations.

The Tourism Commission (TC) will evaluate the effectiveness of the Scheme in various perspectives such as how well the objective of the Scheme is met, whether the licensing requirements are adequate, the degree to which the licensing requirements are met, impact on the surrounding area, to what extent the Scheme has broaden the choice of food for consumers, whether food trucks can bring profit to the operators, etc.. TC will keep in view the implementation of the Scheme and maintain close contact with the venue management and food truck operators with a view to making further enhancement to the

scheme, including the need to take forward the Scheme with dedicated legislation in the long run, etc.

As the pilot scheme is on-going and the evaluation result of the scheme is not yet available, TC does not have an estimate on the expenditure to be incurred for a dedicated food truck licence at this stage.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)074

(Question Serial No. 1586)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

As revealed by the figures available on the website for Hong Kong's travel trade, total overnight visitor arrivals to Hong Kong in 2016 showed a slight decrease of 0.5% over 2015, among which overnight visitor arrivals from Mainland China, India and Russia dropped by 3.5%, 3.3% and 5.8% respectively. This reflects that the local hotel industry is still operating in a difficult business environment. It is proposed in this Budget that the licence fees for over 2 000 hotels and guesthouses be waived for one year. This proposal has some relief effect but does not touch on the problems faced by the industry, such as manpower shortage. In this connection, will the Government inform this Committee of:

- (1) the measures that will be taken by the Government to attract high-yield overnight visitors to Hong Kong and the estimates involved; and
- (2) the measures that will be taken by the Government to alleviate the manpower shortage in the hotel industry and the estimates involved, as regard to paragraph 111(e) of this Budget on providing funding support for the training of members of the tourism industry through the Travel Industry Council of Hong Kong to enhance service quality of the industry.

Asked by: Hon IP LAU Suk-ye, Regina (Member Question No. 16)

Reply:

- (1) The Government all along has overall planning of tourism facilities in the short, medium and long term with a view to showcasing the unique elements of Hong Kong, promoting diversification of tourism product, expanding source markets and attracting more high-spending overnight visitors to Hong Kong. To achieve this policy objective, the Government has earmarked additional funding in 2017-18 to support the tourism industry for a series of initiatives: we will, in collaboration with the Hong Kong Tourism Board (HKTb), update the "A Symphony of Lights" by redesigning its lighting effects with an aim of developing the Hong Kong's own brand of light

attraction and provide support to home-grown events and MICE tourism, involving an allocation of \$82 million; further promote the diversification of tourism products by allocating funding of \$17 million to introduce a pilot scheme to provide funding support for activities with tourism appeal to showcase Hong Kong's local characteristics and another pilot scheme to develop in-depth green tourism products; provide promotional offers to transit passengers or overnight visitors through the HKTb, continue implementing the "fly-cruise" programme to support the trade in developing shore excursion products, and to support trade partners to bid for more small- and medium-sized MICE events, involving an allocation of \$33 million; to enhance Hong Kong's appeal as a tourist destination, we will allocate funding of \$79 million, through the HKTb, continue our publicity in the Mainland to promote the quality and honest image of Hong Kong's tourism and strengthen our efforts to publicise in overseas markets the mega events to be held in Hong Kong this year, so as to attract more Mainland and overseas visitors to Hong Kong.

- (2) Tourism is one of our pillar industries and the Government attaches great importance to the long term development and manpower training of the industry. At present, 2 UGC-funded institutions, namely the Hong Kong Polytechnic University and the Chinese University of Hong Kong, offer publicly-funded undergraduate programmes in hotel and tourism management, the Vocational Training Council, the Caritas Institute of Higher Education and many other self-financing post-secondary institutions are also offering local and non-local programmes at different academic levels in related disciplines to support the development of our hotel and tourism sectors. The Government will continue to actively promote the exchange and cooperation among various training institutes, trades and other stakeholders, so as to satisfy the relevant training needs and to support the long-term development of the tourism industry. Besides, we believe that the hotel industry will, based on its operations, devise suitable personnel and resources management strategies to attract, train and retain the talents.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)075

(Question Serial No. 1587)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

During 2016-17, the Commerce, Industry and Tourism Branch will continue to prepare for the implementation of the “original grant” patent system in Hong Kong. Please inform this Committee:

1. What is the progress of the preparation work at this stage and the financial commitment?
2. What are the plans for nurturing talents of various professional fields to support the operation of the “original grant” patent system in Hong Kong?

Asked by: Hon IP LAU Suk-ye, Regina (Member Question No. 36)

Reply:

1. Progress of the preparation work at this stage and the financial commitment

The Legislative Council (LegCo) enacted as the Patents (Amendment) Ordinance 2016 (the Amendment Ordinance) in June 2016, providing the necessary legal framework for an original grant patent (OGP) system. With a view to implementing the new patent system in a timely manner (current target is 2019), we have been pushing ahead with various key preparatory tasks. Highlights of progress include -

(a) Amending the Patents (General) Rules (Cap 514C)

We are formulating legislative proposals for amending the subsidiary legislation (namely the Patents (General) Rules (Cap 514C)) of the Patents Ordinance (Cap 514), so as to provide for the detailed procedures concerning applications for grant of patents under the OGP system and also post-grant substantive examination of Short Term Patents. We plan to consult legal and patent practitioners on the draft legislative provisions starting from Q3 2017 the earliest.

(b) Drawing up examination guidelines

We are drawing up examination guidelines to set out general principles and practices to be adopted by the Patents Registry (Registry) in processing patent cases under the new patent system. We plan to initiate discussion with legal and patent practitioners on the draft examination guidelines by late 2017.

(c) Expanding the Registry

We are recruiting patent examiners with science and technical credentials to expand the manpower resources of the Registry for undertaking daily work and duties relating to substantive examination under the new patent system. The Registry will provide appropriate training for the new recruits to equip them with the knowledge and skills required to take up the new duties.

(d) Setting up a new electronic processing system

To implement the new patent system, it is necessary to set up a new electronic processing system with the respective interfaces for external use by the public at large (e.g. for searches and electronic filings of OGP applications) and for internal use by the Registry (mainly for processing patent applications and related matters). The Registry will commence the open tender exercise once the preparatory work is completed.

(e) Publicity

Prior and subsequent to the introduction of the new patent system, we would draw up publicity and promotion plans to promote the reformed system to the general public, patents applicants and users and also legal and patent practitioners.

The above-mentioned tasks are mainly undertaken by the Patents Team led by a supernumerary Assistant Director of Intellectual Property (the Patents Team comprises five staff members, including two Senior Solicitors, one Solicitor, one Personal Secretary I and one Assistant Clerical Officer (ACO)) and also four existing examiners of the Registry (namely one Chief Intellectual Property Examiner, one Senior Intellectual Property

Examiner (SIPE), one Intellectual Property Examiner I (IPE I) and one ACO) of the Intellectual Property Department (IPD). The aforesaid staff members are also responsible for supporting other work of the Registry in parallel. (In addition, the Patents Team supports the work of the Designs Registry and provides legal and policy advice on individual cases when necessary.) As the aforesaid staff members are also responsible for work beyond the new patent system, it is difficult to quantify the exact expenses involving the new patent system only.

As for the patent examiners to be recruited, there will be a total of three Senior Patent Examiners (at the SIPE rank) and one Patent Examiner (at the IPE I rank). The estimated total annual salary expenditure of these posts is \$3.63 million.

As regards the setting up of the new electronic processing system, the development and maintenance costs are not available as the open tender exercise has yet to start.

2. Plans for nurturing talents of various professional fields to support the operation of the OGP system in Hong Kong

For the training of the professionals in substantive examination of patents applications, the IPD and the State Intellectual Property Office of the Mainland (SIPO) signed the Co-operation Arrangement in the Area of Patent in Hong Kong in December 2013 under which SIPO has agreed to provide IPD with technical assistance and manpower training in relation to substantive examination of patent applications. We also exchange knowledge and work experience with overseas patent authorities from time to time to explore suitable and feasible cooperation opportunities and options.

As regards the training of patent practitioners, the professional talents in the local patent industry nowadays mainly take relevant courses and acquire professional qualification for patent practice outside Hong Kong. We believe that their expertise and experience is adequate to support the new patent system. In addition, the Advisory Committee on Review of the Patent System of Hong Kong (“Advisory Committee”) recommended that Hong Kong should establish a full-fledged system for regulating the local patent agency services in the long run and that this target is to be achieved in stages with possible interim measures. In accepting the recommendation of the Advisory Committee, the Government agrees that regulating the patent practitioners will not only help establish the patent-service profession in Hong Kong, but also cultivate local patent talents and offer employment prospects and opportunities for science and engineering graduates. We believe that this will in the long run enhance the manpower and talent support of the new patent system. We will devise detailed implementation plan for the full-fledged regulatory system and consult the industry in due course.

Furthermore, the IPD maintains contact with local universities, professional and industry bodies regarding the training of patent professionals. At present, some local universities (including the Law Faculty of the University of Hong Kong and the School of Law of the City University of Hong Kong) offer curriculum relating to patent subjects (such as patent searches, law and practice). Meanwhile, some professional and industry bodies also provide relevant courses (such as the “Certificate of IP Laws and Practice” programme

co-organized by the Hong Kong Institute of Patent Attorneys (the Institute) and Hong Kong Productivity Council (HKPC). The Institute also works with the University of Warwick and the Vocational Training Council to provide courses in relation to patent law and knowledge; the Asian Patent Attorneys Association also offers courses relating to knowledge on patent drafting, application and litigation). IPD also sponsors, takes part in and promotes training courses relating to patent subjects organized by professional and industry bodies (including sponsoring the “Effective Patent Search Training Workshop” organized by the HKPC and the “Chinese Patent Practice Training Course for the National Qualification Examination for Patent Agents” organized by the Federation of Hong Kong Industries) with a view to promoting the development of patent services and professional training.

IPD will maintain good contact, communication and interaction with local universities, and professional and industry bodies regarding the training of patent professionals.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)076

(Question Serial No. 1589)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

This year, the Commerce, Industry and Tourism Branch will continue to work with the Trade and Industry Department (TID) and the Hong Kong Productivity Council (HKPC) to implement the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) to support Hong Kong enterprises to develop their brands, upgrade and restructure their operations and promote sales in the Mainland domestic market. Please advise this Committee of the following:

1. the number of applications for the BUD Fund received and approved and the amount of funding approved in the past 3 years;
2. division of duties and responsibilities between the TID and the HKPC in implementing the BUD Fund;
3. policy initiatives that support Hong Kong enterprises to develop their brands in the Mainland domestic market in addition to the BUD Fund.

Asked by: Hon IP LAU Suk-ye, Regina (Member Question No. 37)

Reply:

1. The Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) was launched in June 2012. The vetting results in the past three years are as follow:

	2014	2015	2016
Enterprise Support Programme (ESP)			
Applications Processed^{Note} (Excluding all Applications Withdrawn)	234	196	514
Number of Applications Approved	85	129	397
Amount of Funding Approved	Around \$41 million	Around \$54 million	Around \$107 million
Organisation Support Programme (OSP)			
Applications Processed^{Note} (Excluding all Applications Withdrawn)	19	19	17
Number of Applications Approved	8	5	10
Amount of Funding Approved	Around \$24 million	Around \$18 million	Around \$32 million

Note: The Programme Management Committee/Vetting Committee normally vets applications by batch two to three months after the deadline of submission for each batch.

2. The Hong Kong Productivity Council (HKPC) is the Government's implementation partner in implementing the ESP while the Trade and Industry Department (TID) is responsible for implementing the OSP.
3. The Commerce, Industry and Tourism Branch assisted Hong Kong enterprises in developing brands, upgrading and restructuring business operations and developing domestic sales in the Mainland through various means, including maintaining close dialogue with the trade through various channels, so as to understand the trade's concerns and views; and maintaining close liaison with the Mainland authorities at various levels (including through the Hong Kong/Guangdong Expert Group on the Restructuring and Upgrading of the Processing Trade) to relay to them the trade's views and to discuss with them support measures for the trade; disseminating information to Hong Kong enterprises by means of circulars and newsletters, and organising activities such as symposiums and seminars through TID and our Mainland Offices to enhance the trade's understanding of the Mainland's new policies, legislation and business environment; organising promotional activities and trade fairs,

providing Mainland market information and organising delegations to visit the Mainland through the Hong Kong Trade Development Council (HKTDC), with a view to enhancing the trade's understanding of Mainland policies and market development; assisting small and medium enterprises (SMEs) through the on-going "SME Funding Schemes" in areas such as market promotion, acquisition of equipment, upgrading of operational and technical skills, business restructuring and relocation; continuing to implement the BUD Fund; arranging our Mainland Offices to collaborate with trade associations and other organisations to organise "Hong Kong Week" promotional events in the Mainland in order to promote Hong Kong products and services, with a view to assisting Hong Kong enterprises in building up their brand image and exploring the domestic market; providing platforms for Hong Kong enterprises, particularly SMEs, to showcase their products and build up greater awareness of Hong Kong brands in the Mainland through the network of Design Gallery shops in the Mainland (including physical outlets and online shops) by the HKTDC; disseminating practical reference information related to brand development to Hong Kong enterprises through various channels (such as brand promotion website) and co-organising seminars with the HKTDC, local business associations and other relevant organisations in which renowned local, Mainland and overseas entrepreneurs and experts were invited to share their experience in establishing brands and market development strategies through TID.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)077****(Question Serial No. 1590)**

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (4) Posts, Competition Policy and Consumer Protection

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Commerce, Industry and Tourism Branch will continue to monitor the implementation of the amended Trade Descriptions Ordinance in tackling unfair trade practices that might be deployed in consumer transactions. Will the Government advise on:

1. the number of prosecutions and successful convictions for offences by traders against the Trade Descriptions Ordinance in the past 3 years;
2. the penalties generally imposed on the convicts;
3. any other measures to prevent traders from violating the Trade Descriptions Ordinance?

Asked by: Hon IP LAU Suk-ye, Regina (Member Question No. 39)

Reply:

1. and 2. Figures and information on the enforcement of the Trade Descriptions Ordinance (TDO) by the Customs and Excise Department (C&ED) in the past three years are as follows:

Ordinance	Breakdown of figures and information	2014	2015	2016
TDO	Number of prosecution cases	74	112	71
	Number of conviction (company/individual)	76	126	71

Ordinance	Breakdown of figures and information		2014	2015	2016
	Maximum Penalty	Fine	\$152,000	\$67,800	\$100,000
		Imprisonment	4 months' imprisonment (suspended for 3 years)	3 months' imprisonment	2 months' imprisonment and a compensation of \$28,160 to the victim
	Average fine*		\$16,057	\$10,996	\$12,807

The average amount of fine imposed in cases where a fine was handed down.

3. C&ED will continue to actively enforce the TDO by adopting a three-pronged approach, including enforcement, compliance promotion as well as public education and publicity, in order to protect consumers through combating common unfair trade practices at source. C&ED will also step up targeted inspections against high-risk products and shops under repeated complaints and exchange information with the Consumer Council.

On enforcement, C&ED has taken active steps to handle complaints by conducting in-depth investigations and collecting relevant evidence, as well as taking appropriate enforcement actions on the basis of the facts and evidence of individual cases. In addition, C&ED also carries out proactive inspections, including undercover ones, of traders suspected of offence, based on risk and intelligence assessments.

On compliance promotion, C&ED has so far held more than 140 seminars for various industries to help raise their practitioners' awareness of the TDO, remind them of the importance of complying with the fair trading provisions, and urge the management to take appropriate measures to avoid unscrupulous trade practices.

On public education, in collaboration with the Consumer Council, C&ED has been promoting the message of smart shopping to the general public through various media.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)078

(Question Serial No. 1652)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (4) Posts, Competition Policy and Consumer Protection

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

If the Commerce, Industry and Tourism Branch will continue to ensure the smooth operation of the Post Office Trading Fund and take measures to improve customer services and productivity where appropriate, please advise of:

1. the specific measures to be taken and the meaning of “where appropriate”;
2. the number of non-civil service contract (NCSC) staff recruited by the Post Office at present; and
3. further to the above question, any plans that the Post office has in place to convert experienced NCSC staff to civil servants for the year; if not, of the reasons?

Asked by: Hon IP LAU Suk-ye, Regina (Member Question No. 38)

Reply:

- (1) It is Government's policy to provide the public with a reliable, efficient and affordable postal service. Hongkong Post (HKP) operates as a trading fund on a self-financing basis. To ensure the longer-term sustainability of the Post Office Trading Fund, HKP will continue to use resources effectively, and strive to enhance productivity through extensive application of technology and information technology and process re-engineering (e.g. upgrading the optical character reading capability of the Mechanised Letter Sorting Systems to reduce manual sorting, implementing the Integrated Postal Service System to automate counter operation and streamline backend processes, etc.). In addition, HKP will continue to respond to market needs proactively through diversifying its product offerings and enhancing service features in a cost-effective manner (e.g. introduction of iPostal Stations and the EC-Ship online

posting platform to support the growth of e-commerce), and enhance customer experience as an on-going measure.

- (2) As at 28 February 2017, there were 1 853 non-civil service contract (NCSC) staff in HKP.
- (3) HKP keeps NSCS positions in the Department under review and converts them to civil service posts if there is a long-term operational need for these positions, the service need is sustainable and there exist comparable civil service ranks. HKP plans to convert eight NCSC positions to civil service posts in 2017-18. In accordance with the Government's recruitment policy, civil service posts are to be filled through a competitive recruitment process carried out under the established mechanism. NCSC staff interested in taking up civil service posts are required to follow the relevant procedures and submit applications.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)079

(Question Serial No. 3232)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (1) Director of Bureau's Office

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Please give a breakdown of the actual expenditure on salaries, regularly-paid allowances, job-related allowances and non-accountable entertainment allowance payable to the Secretary in 2016-17, as well as the estimate for salaries, regularly-paid allowances, job-related allowances and non-accountable entertainment allowance payable to the Secretary in 2017-18.

Asked by: Hon KWOK Ka-ki (Member Question No. 2)

Reply:

The revised estimate for the salary in respect of the position of Secretary for Commerce and Economic Development (SCED) for 2016-17 is \$3.58 million. For budgetary purposes, the provision for the salary in respect of the position of SCED for 2017-18 is \$3.58 million. The Finance Committee of the Legislative Council (LegCo) approved on 10 February 2017 that with effect from 1 July 2017, the cash remuneration for politically-appointed officials (PAOs) be adjusted according to the cumulative change in Consumer Price Index (C) (CPI(C)) from 2012 to 2016 (i.e. 12.0%); and with effect from 1 July 2018, the cash remuneration for PAOs as approved by the Finance Committee (FC) of the LegCo be adjusted on an annual basis in accordance with the change in the average annual CPI(C). The additional provision required for the adjustment will be reflected in the revised estimate for 2017-18. The additional provision will be absorbed through internal redeployment of resources and no additional funding is required.

In 2016-17 and 2017-18, this Bureau has no expenditure and estimate on regularly-paid allowances, job-related allowances and non-accountable entertainment allowance for SCED.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)080

(Question Serial No. 3233)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (1) Director of Bureau's Office

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Please give a breakdown of the actual expenditure on salaries, regularly-paid allowances, job-related allowances and non-accountable entertainment allowance payable to the Under Secretary in 2016-17, as well as the estimate for salaries, regularly-paid allowances, job-related allowances and non-accountable entertainment allowance payable to the Under Secretary in 2017-18.

Asked by: Hon KWOK Ka-ki (Member Question No. 3)

Reply:

The revised estimate for the salary in respect of the position of Under Secretary for Commerce and Economic Development (USCED) for 2016-17 is \$2.33 million. For budgetary purposes, the provision for the salary in respect of the position of USCED for 2017-18 is \$2.33 million. The Finance Committee of the Legislative Council approved on 10 February 2017 that with effect from 1 July 2017, the cash remuneration for politically-appointed officials (PAOs) be adjusted according to the cumulative change in Consumer Price Index (C) (CPI(C)) from 2012 to 2016 (i.e. 12.0%); and with effect from 1 July 2018, the cash remuneration for PAOs as approved by the Finance Committee (FC) of the Legislative Council (LegCo) be adjusted on an annual basis in accordance with the change in the average annual CPI(C). The additional provision required for the adjustment will be reflected in the revised estimate for 2017-18. The additional provision will be absorbed through internal redeployment of resource and no additional funding is required.

In 2016-17 and 2017-18, this Bureau has no expenditure and estimate on regularly-paid allowances, job-related allowances and non-accountable entertainment allowance for USCED.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)081

(Question Serial No. 4537)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (1) Director of Bureau's Office

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Please give a breakdown of the actual expenditure on salaries, regularly-paid allowances, job-related allowances and non-accountable entertainment allowance payable to the Political Assistant in 2016-17, as well as the estimate for salaries, regularly-paid allowances, job-related allowances and non-accountable entertainment allowance payable to the Political in 2017-18.

Asked by: Hon KWOK Ka-ki (Member Question No. 4)

Reply:

The revised estimate for the salary in respect of the position of Political Assistant (PA) to Secretary for Commerce and Economic Development (SCED) for 2016-17 is \$1.25 million. For budgetary purposes, the provision for the salary in respect of the position of PA to SCED for 2017-18 is \$1.25 million. The Finance Committee of the Legislative Council (LegCo) approved on 10 February 2017 that with effect from 1 July 2017, the cash remuneration for politically-appointed officials (PAOs) be adjusted according to the cumulative change in Consumer Price Index (C) (CPI(C)) from 2012 to 2016 (i.e. 12.0%); and with effect from 1 July 2018, the cash remuneration for PAOs as approved by the Finance Committee (FC) of the LegCo be adjusted on an annual basis in accordance with the change in the average annual CPI(C). The additional provision required for the adjustment will be reflected in the revised estimate for 2017-18. The additional provision will be absorbed through internal redeployment of resources and no additional funding is required.

In 2016-17 and 2017-18, this Bureau has no expenditure and estimate on regularly-paid allowances, job-related allowances and non-accountable entertainment allowance for PA to SCED.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)082

(Question Serial No. 0414)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Regarding the assistance to the Tourism Commission in the implementation of the food truck pilot scheme:

1. Whether the Government has compiled statistics on the total number of customers of each food truck since the implementation of the scheme? Please provide respective details.
2. When will the Government review the pilot scheme and how will the effectiveness of the pilot scheme be assessed?
3. Does the Government have any plan to increase the food truck's operation locations? If yes, what are the details and expenditure involved? If no, what are the reasons?

Asked by: Hon KWOK Wai-keung (Member Question No. 8)

Reply:

1. Under the Food Truck Pilot Scheme (the Scheme), the business performances of the food trucks should be observed mainly through the point of sales reports submitted by food truck operators to operating venues on a regular basis, which reflected their actual total revenue for the trading period in question, rather than the recording of the total patronage figure.
2. The Tourism Commission (TC) will evaluate the effectiveness of the Scheme in various aspects such as how well the objective of the Scheme is met, whether the licensing requirements are adequate, the degree to which the licensing requirements are met, effects on the surrounding area, to what extent the Scheme has broadened the

choice of food for consumers, and whether food trucks can bring profit to the operators, etc..

3. The Scheme is positioned as a tourism project. Under the framework of the Scheme, food trucks shall operate at the designated attractions. In fact, there are many restaurants in Hong Kong and their burdens of rental fees are not light. In identifying the location of food truck pitch, TC has taken into consideration the need of avoiding direct competition with the existing restaurants. Furthermore, the streets in Hong Kong are generally narrow and the truck occupies quite a sizeable area on the road. It will cause obstruction if food trucks are allowed to be stationed anywhere. TC has also taken into account various factors including the availability of venue management for the locations, enough room for accommodating food trucks and queuing up by customers, adequate patronage, accessibility, etc. and struck a balance of all considerations in identifying the eight operating locations.

The framework of the Scheme has provided sufficient flexibility for the operation of food trucks. Food trucks are allowed to adjust their operating hours according to their need after negotiation with venue management. Food truck operators can also devise other food dishes besides the mandatory signature dish (the dish presented at the Cook-off Challenge) at different operating locations. Food truck operators are also allowed to formulate their own promotional strategies without restrictions. Notwithstanding this, operators have to comply with the licensing requirements of Food Factory Licence (FFL) issued under the Food Business Regulation (Cap 132X) and ensure their fulfillment of the high standard of food safety and environmental hygiene in Hong Kong. Food truck operation follows commercial principles. Similar to the practice of paying rental fee for running a typical restaurant, food truck operators also have to pay service charge. At present, operators are only required to pay a service charge ranging between \$302 - \$723 per day which already includes parking fee, electricity and cleansing services, etc. Some operators have expressed satisfaction to TC on the current supporting services and arrangement of the Scheme.

According to TC's observation on the operation of food trucks, business may be different for different operators operating at the same location, which hinges very much on the business strategies of the operator and the attractiveness of the food sold. For instance, the daily average number of customers for different food trucks at Central Harbourfront Event Space and Ocean Park can vary to a large extent and the figure of one truck can be even more than one to two times than that of the others. TC understands that there was operator earning more than HK\$13,000 average revenue per day in the first month and operator earning more than HK\$30,000 of average daily revenue in the second trading period, which is comparable to that of the typical restaurants.

In fact, food truck is a business venture similar to running a typical restaurant. While the operating location and its pedestrian flow will definitely affect the sales revenue, whether the food truck operators could make profit depends on whether the operators have implemented proactive operating strategies, such as cost control, labour deployment, whether prices of the food are reasonable and appealing to customers, whether social media platforms or other channels are utilized for promotion, etc.

The Government will continue to keep in view the situation of particular operating locations and conduct review from time to time, maintain flexibility for enhancement, such as considering other operating locations if they meet the positioning and requirements of the Scheme. The related work will be carried out by the Food Truck Office of TC and the cost involved will be covered by the current funding allocated to the Scheme.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)083

(Question Serial No. 2160)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (4) Posts, Competition Policy and Consumer Protection,
(9) Subvention: Competition Commission

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Although the Competition Ordinance has been implemented, there has yet to be any proceedings in the Competition Tribunal and the public is still relatively unfamiliar with the legislation. Apart from the monitoring of the implementation of the CO in tackling anti-competitive conduct, please give details (with a break down of each item) of the current level of resources and the amount of funding dedicated to educating the public and legal practitioners about this new competition regime.

Asked by: Hon KWOK Wing-hang, Dennis (Member Question No. 8)

Reply:

The Government provides subvention to the Competition Commission ("Commission"), and the subvention for 2017-18 is \$78.7 million, to support the Commission's various functions to implement the Competition Ordinance. About \$6.9 million of the subvention is dedicated for publicity and educating the public, businesses, and professionals (including legal practitioners) about the Competition Ordinance and to encourage compliance. The figure does not include staff cost or other general expenses which cannot be separately quantified.

The Commission has earlier commenced proceedings in the Competition Tribunal against five information technology companies alleged of making or giving effect to bid-rigging arrangements.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)084

(Question Serial No. 6796)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (000) Operational Expenses

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Commerce, Industry and Tourism Branch has the formulation of policies relating to IP as one of its main responsibilities. In view of the possible application of the Madrid Protocol to Hong Kong which is currently under consideration and discussion by the Legislative Council, please provide an estimate as to the financial expenses for the operation of such a system.

Asked by: Hon KWOK Wing-hang, Dennis (Member Question No. 7)

Reply:

As reported to the Panel on Commerce and Industry (Panel) of the Legislative Council in February 2017, taking into account the generally positive views collected during the consultation exercise and the best overall interest of Hong Kong, we are minded to go ahead with the implementation of the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks (Madrid Protocol) in Hong Kong. The Panel was generally supportive of our way forward.

To implement the Madrid Protocol in Hong Kong, we are making preparations for amending the Trade Marks Ordinance (Cap. 559) and its subsidiary legislation, building the necessary information technology system, devising the detailed workflow and internal manuals for processing international applications and registrations, setting the fees, training our staff, launching promotional work, etc. To assist in coping with the additional workload, the Intellectual Property Department plans to create one Senior Intellectual Property Examiner post on a time-limited basis for two years from 2017-18. The total additional expenditure is expected to be about \$1.94 million.

On current planning, the Madrid Protocol may be implemented in Hong Kong in 2019 the earliest. As we are in a relatively early stage of our preparations, we have yet to work out in detail the resources required for the implementation. We will seek additional resources required through the established mechanism if necessary.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)085

(Question Serial No. 6797)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Hong Kong Disneyland has been recording net losses for the past few years and the opening of the Shanghai Disney Resort has arguably reduced the attractiveness of its Hong Kong counterpart. Given the recent discussions about Disneyland's expansion plan, can the Government provide a projection on the economic benefits for expanding the Disneyland if it does indeed take place?

Asked by: Hon Dennis KWOK Wing-hang (Member Question No. 9)

Reply:

According to the analysis by the management company of Hong Kong Disneyland Resort (HKDL), since the opening of Shanghai Disney Resort (SHDR) in June 2016, there has not been major impact on the overall attendance of HKDL, and there have been, indeed, signs of improvement in HKDL's overall performance from the second half of Fiscal Year 2016 (FY16), i.e. April 2016. In fact, the vast market of China is able to accommodate more than one Disney-branded resort, and the two Disney resorts in Hong Kong and Shanghai can bring about positive branding effect and enhance tourists' interest in visiting Disney resorts, which is a mutually beneficial interaction. Moreover, HKDL has all along been launching new facilities and attractions actively to maintain its competitiveness and promote its business development.

Regarding the expansion and development plan of HKDL (the Plan) announced in November 2016, the Government has conducted an economic assessment based on two sets of attendance projection provided by The Walt Disney Company (TWDC) (i.e. Situation A and Situation B). According to TWDC, Situation A takes into account the effects of the new offerings and attractions under the Plan and has a projected attendance of 9.0 million in FY25, while Situation B also includes the effects of other potential self-funded initiatives made possible by the revenue generated by the Plan and has a projected attendance of

9.3 million in FY25. The economic assessment concludes that the Plan is likely to bring about considerable net benefits to Hong Kong's economy. Specifically, under Situation A, the present value of net economic benefits of the Plan is estimated at \$17.7 billion (at 2014 prices) over a 20-year operation period and \$38.5 billion over a 40-year operation period, with economic internal rates of return (EIRRs) of 23.2% and 24.3% respectively. As regards Situation B, the present value of net economic benefits of the Plan is estimated at \$18.7 billion (at 2014 prices) over a 20-year operation period and \$41.6 billion over a 40-year operation period, with EIRRs of 22.9% and 24.1% respectively.

Furthermore, TWDC estimates that the Plan would create about 3 450 jobs (in terms of man-year) during the construction stage, and another 600 jobs from the expanded HKDL operation. The Government estimates that the total number of jobs created in Hong Kong's economy stemming from the additional spending of the incremental visitors would be 7 200 in Situation A and 7 900 in Situation B from FY30 onwards.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)086****(Question Serial No. 6798)**

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (443) Hong Kong Tourism Board

Programme: (7) Subvention : Hong Kong Tourism Board

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The number of visitors to Hong Kong has fallen from 59.3 million in 2015 to 56.4 million in 2016, and is estimated to continue to fall to 55.4 million in 2017. Please provide a detailed breakdown of this persistent reduction, giving reasons and explanations as to why the number of certain number of tourists has fallen over the years.

Asked by: Hon KWOK Wing-hang, Dennis (Member Question No. 10)

Reply:

The number of visitor arrivals to Hong Kong in 2015 and 2016, and the expected number of visitor arrivals in 2017 are shown in the table below:

	2015 (compared to 2014) (million)	2016 (compared to 2015) (million)	2017 forecast (compared to 2016) (million)
The Mainland	45.84 (-3.0%)	42.78 (-6.7%)	41.19 (-3.7%)
Non-Mainland Markets	13.47 (-0.9%)	13.88 (+3.1%)	14.20 (+2.3%)
Short-haul Markets [^]	8.30 (-1.3%)	8.65 (+4.3%)	8.88 (+2.7%)
Long-haul Markets [*]	4.28 (+0.4%)	4.40 (+2.6%)	4.48 (+2.0%)
New Markets ^{**}	0.88 (-3.5%)	0.83 (-6.1%)	0.83 (+0.7%)
Total	59.31 (-2.5%)	56.65 (-4.5%)	55.39 (-2.2%)

Notes: [^] Excluding markets in the Mainland, Vietnam and India.

^{*} Excluding markets in the Gulf Co-operation Council (GCC), the Netherlands and Russia.

^{**} New markets include India, the GCC markets, the Netherlands, Russia and Vietnam.

Owing to rounding, the total may differ from the sum of the individual figures.

The Government has all along emphasised that our tourism industry should not aim solely at continuous growth in the number of visitors, but should instead pursue balanced, healthy and long-term development towards product diversification and high value-added services. Hong Kong's tourism industry has been affected by a number of external factors in recent years, including the subpar global economic growth and intensifying regional competition posed by neighbouring tourist destinations as a result of the depreciation of their currencies, rendering the industry undergoing a period of consolidation. Meanwhile, the "one trip per week" measure for Shenzhen residents implemented since April 2015 that took into account the receiving capacity of individual districts in Hong Kong and the development direction of attracting more overnight visitors have expectedly resulted in a drop in the number of same-day Mainland arrivals. The unfortunate incidents involving coerced shopping to Mainland group tours also caused some impact on visitor arrivals.

Over the past year, we allocated additional resources and requested the Hong Kong Tourism Board (HKTB) to step up promotion efforts in various source markets. We have also enhanced the scale of mega events, provided subsidy to promote Meetings, Incentive travels, Conventions and Exhibitions (MICE) and "fly-cruise" tourism, as well as promoted Hong Kong's natural scenery and unique history and culture.

These measures have begun to bear fruits. In 2016, visitor arrivals from the non-Mainland markets rose by 3.1% from 2015. Increases were recorded for both long-haul and short-haul markets. Nevertheless, Mainland visitors, which accounted for over 70% of total visitor arrivals to Hong Kong, dropped by 6.7%, rendering the total visitor arrivals to Hong Kong to decline by 4.5% to 56.65 million last year.

Looking ahead, the HKTB foresees that some of the challenges faced by the tourism industry in 2016 will persist in 2017. The declining trend in the Mainland arrivals is expected to continue, and hence, the total visitor arrival figure to Hong Kong is projected to decline by 2.2% this year at this stage. The Government and the HKTB will continue to monitor closely the developments of the tourism industry, with a view to responding to changes in the market conditions swiftly.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)087

(Question Serial No. 2491)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (-) -

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Government will implement a number of measures for supporting small and medium enterprises (SMEs) this year, such as extending the application period for the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund). Will the Government advise this Committee of the effectiveness of the BUD Fund over the past 2 years? How many applications were approved? How many applications were rejected? How much funding in total was approved? Has the Government estimated when the commitment will be exhausted? Has the Government evaluated the need for further increasing the commitment? If yes, what are the details? If no, what are the reasons?

Asked by: Hon LAM Kin-fung, Jeffrey (Member Question No. 27)

Reply:

The Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) was launched in June 2012. Up to the end of February 2017, 1 594 and 139 applications (excluding all applications withdrawn) under the Enterprise Support Programme (ESP) and the Organisation Support Programme (OSP) of the BUD Fund respectively were processed. Of them, 806 ESP applications and 59 OSP applications were approved, and the total amount of funding approved was about \$287 million and \$194 million for ESP and OSP respectively, and 788 ESP and 80 OSP applications were rejected.

We have been reviewing the operation and implementation of the BUD Fund on an on-going basis, and have implemented enhancement measures, for example, launching the “ESP Easy – Simplified Application Track” under ESP in August 2015 which adopts a set of simplified application procedures to fund enterprises in undertaking specified activities^{Note}; and introducing the “Simplified Option” under ESP in October 2016 under which enterprises would not need to set up a separate project account and could commence projects as early as the date after submission of the application, with no initial disbursement to be made.

Up to end February 2017, 252 ESP and 39 OSP projects have been completed. According to our survey results, about 99% of the enterprises that have completed their ESP-funded projects considered the ESP effective in assisting in the business development of enterprises. Enterprises also generally considered that the projects had helped them in enhancing the awareness of the brand, improving product quality, developing new products, developing domestic sales network, enhancing the overall competitiveness of enterprises, increasing domestic sales turnover, etc. Although whether the Mainland business of the enterprises could develop successfully in the future would depend on a variety of factors, the funding under the BUD Fund can enhance the overall competitiveness of the enterprises and lay foundation for their further development in the Mainland market. In addition, if the funded Hong Kong enterprises achieve better development in the Mainland market, it would also benefit their business operations in Hong Kong in the long run, and generate demand for professional services or other services in Hong Kong.

In respect of OSP, through implementing the projects, organisations can assist enterprises of the relevant sectors to enhance their competitiveness in the Mainland market through developing brands, upgrading and restructuring business operations and promoting domestic sales. For the 59 projects approved as at the end of February 2017, various activities would be held in 28 Mainland cities, e.g. participating in and setting up “Hong Kong pavilions” at large-scale exhibitions to showcase Hong Kong brands; organising roadshows; collaborating with retail networks in the Mainland to promote the products and services of Hong Kong enterprises, etc. Participating enterprises were generally satisfied with the effectiveness of and benefits brought about by the projects, and they considered that the projects could enhance the brand image and competitiveness of their products or services in the Mainland market. Quite a number of enterprises also considered that the projects had enhanced their understanding of the market environment and regulations in the Mainland and assisted them in building up business networks in the Mainland, thereby boosting their confidence in exploring the domestic sales market.

In view that the BUD Fund can effectively achieve the policy objective of assisting enterprises in developing business in the Mainland, we will extend the application period of the BUD Fund for five years to continue to assist Hong Kong enterprises in enhancing their competitiveness and furthering business development in the Mainland through developing brands, upgrading and restructuring operations and promoting domestic sales in the Mainland. Since there are still funds in the BUD Fund, there is no need for new injection. Whether an enterprise or non-profit-distributing organisation would apply for BUD Fund depends on many factors (including economic environment and marketing strategies of individual enterprises, etc.), it is therefore difficult for us to estimate the number of applications to be received and the funding to be approved in the coming years. We will continue to step up promotion work to attract more enterprises and non-profit-distributing organisations to apply.

Note: Including participation in Mainland exhibitions, establishment or enhancement of websites or online shops, development or enhancement of mobile applications, placement of advertisements in the Mainland, undertaking testing and certification for products for domestic sales, design and production of publicity materials for distribution in the Mainland, and application for registration of patent, trademark, design and utility model in the Mainland.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)088

(Question Serial No. 2497)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Will the Government advise this Committee of any plans to nurture emerging industries and to support small and medium enterprises (SMEs) in 2017-18? What will be the estimated expenditure required in respect of supporting the SMEs?

Asked by: Hon LAM Kin-fung, Jeffrey (Member Question No. 33)

Reply:

Nurturing Emerging Industries

Create Hong Kong (CreateHK) of the Communications and Creative Industries Branch (CCIB) of the Commerce and Economic Development Bureau provides financial support to projects conducive to the development of the creative industries, which are initiated and implemented by trade bodies or organisations, mainly through the CreateSmart Initiative and the Film Development Fund (FDF) as well as other internal resources. CreateHK is responsible for promoting various creative industries, covering advertising, architecture, design, film, animation, comics and digital entertainment, music (which generally refers to the phonographic industry), publishing, and enterprises associated with the television (TV) industry (excluding TV stations), etc.

In 2017-18, CreateHK will continue to subsidise large-scale creative events to promote the development of creative industries and will continue to provide funding support to other projects which are conducive to the development of creative industries, including talent and start-up nurturing projects (e.g. Design Incubation Programme, First Feature Film Initiative, etc.) and programmes which facilitate the development of the fashion industry (e.g. Fashion Incubation Programme and fashion shows and forums which promote Hong Kong's fashion designers and brands). In addition, CreateHK will in the coming two to three years collaborate with the film industry to run training programmes regularly with a total of 200

places to provide practical training or internship opportunities for frontline talent in the production and post-production sectors of the film industry. CreateHK will also support 10 practitioners in the post-production sector in each of the next three years to further their studies or undertake internship overseas.

CreateHK will also continue to support the trade in exploring local and overseas markets by, among others, riding on the 20th anniversary of the establishment of the Hong Kong Special Administrative Region to subsidise and organise a series of exhibitions and film events to showcase the robust development of various creative sectors to our community, the Mainland and countries around the world. On the front of exploring the Mainland market, CreateHK will continue to discuss with the relevant Mainland authorities the feasibility of further facilitating Hong Kong's creative industries to explore the Mainland market under the framework of the Mainland and Hong Kong Closer Economic Partnership Arrangement, and subsidise locally produced Cantonese films for distribution in the Mainland through the FDF. On the front of exploring the overseas market, apart from sponsoring Hong Kong films to compete or participate in film festivals outside Hong Kong, CreateHK will also sponsor the Entertainment Expo, which is held in Hong Kong in March every year, of which the Hong Kong International Film & TV Market and the Hong Kong-Asia Film Financing Forum attract the participation of investors and distributors of the film industries from around the world and assist Hong Kong films to gain access to the global market. Furthermore, CreateHK will grasp the opportunities brought by the Belt and Road Initiative by, from 2017 onwards, organising Belt and Road promotional tours in collaboration with the film industry to countries with market potential, such as Iran, Indonesia, Malaysia and India, with a view to attracting film producers to come to Hong Kong for post-production and location filming and production facilitation services.

Assisting Hong Kong's creative industries to explore markets is part of CreateHK's regular work. The manpower and expenditure involved have been included in the overall establishment and expenditure of the CCIB.

Supporting the Development of SMEs

The Government attaches great importance to the development of SMEs. We review the various support measures from time to time in response to the economic situation in order to provide adequate and timely support to SMEs.

The existing measures and new initiatives implemented by the Commerce, Industry and Tourism Branch to support SMEs in 2016-17 and 2017-18 and their relevant expenditure are as follows:

- (1) The Hong Kong Mortgage Corporation Limited (HKMC) launched the special concessionary measures under its existing SME Financing Guarantee Scheme (SFGS) on 31 May 2012 to provide 80% loan guarantees at concessionary fee rates. The Government provides a total loan guarantee commitment of \$100 billion. The special concessionary measures are time-limited special measures. The original application period was 9 months, which was later extended four times to the end of February 2017. To further relieve the burden of borrowers, the Government has reduced the annual guarantee fee rate for the measures by ten per cent and removed the minimum guarantee fee rate for the measures starting from 1 June 2016. As at the end of February 2017, the HKMC has received over 13 000 applications and approved over

11 500 of them, involving a total loan amount of about \$46.1 billion and a total guarantee amount of about \$36.9 billion.

To continue to assist enterprises in obtaining loans in the commercial lending market, the Government has further extended the application period of the special concessionary measures to the end of February 2018, as announced in the 2017-18 Budget.

- (2) The three existing SME funding schemes under the Trade and Industry Department, namely the SME Loan Guarantee Scheme (SGS), the SME Export Marketing Fund (EMF) and the SME Development Fund (SDF), assist SMEs in obtaining finance, exploring markets and enhancing the overall competitiveness. The Government has injected \$1.5 billion into the SME Export Marketing and Development Funds, and implemented enhancement measures in the third quarter of 2015, including increasing the maximum amount of funding support for each project under the SDF from \$2 million to \$5 million and expanding the scope of the EMF, to strengthen the support for SMEs.

Provision for the SME funding schemes is under Programme (3) Support for Small and Medium Enterprises and Industries of Head 181 Trade and Industry Department. In 2017, it is estimated that a total of around \$970 million loan guarantees would be issued under the SGS, and grants of around \$158 million and \$28.6 million would be approved under the EMF and the SDF respectively.

- (3) On the intellectual property (IP) front, following the recommendations of the Working Group on IP Trading, the Government has set aside \$23 million for 3 years as from 2015-16 and work with the IP sector to implement a series of initiatives, including the provision of free consultation services by the Intellectual Property Department (IPD) (with the support of the Law Society of Hong Kong) to raise the IP awareness of SMEs and help them properly protect, manage and make good use of IP with a view to driving business growth. 157 consultations were completed as of end-February 2017.

IPD also supported SMEs to build up their manpower capacity, including launching the IP Manager Scheme in May 2015 to increase the competitiveness of enterprises (particularly SMEs) through IP management and commercialisation. At present, over 470 SMEs have joined the Scheme. IPD will provide relevant training and resources on IP management for the IP Managers.

From 2015 onwards, IPD sponsored numerous training courses on IP related subjects conducted by professional and industry bodies to facilitate development of IP related services among professionals and nurture talents. Topics covered included patent search, practical skills in handling patent matters, preparation for the National Qualification Examination for Patent Agents, and IP valuation. There were 135 participants so far.

IPD will continue to promote the above initiatives in 2017-18 in view of favourable feedback.

- (4) The \$1 billion Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) was launched on 25 June 2012 to provide funding support to Hong Kong enterprises and non-profit-distributing organisations to assist enterprises in enhancing their competitiveness and furthering their business development in the Mainland. Up to end February 2017, 806 and 59 applications have been approved under the Enterprise Support Programme and the Organisation Support Programme of the BUD Fund respectively. The total amount of funding approved is about \$287 million for ESP and \$194 million for OSP.

The Government also announced in the 2017-18 Budget that the application period of the BUD Fund will be extended for five years to continue to assist Hong Kong enterprises in furthering their business development in the Mainland. The estimated expenditure for the provision of the BUD Fund in 2017-18 under Programme (3) Support for Small and Medium Enterprises and Industries of Head 181 Trade and Industry Department is \$111 million.

- (5) The Hong Kong Trade Development Council (TDC) commences a new three-year planning cycle in 2017-18. One of the objectives is to help Hong Kong companies explore opportunities in the face of a sluggish export market. In 2017-18, TDC will adopt new strategies to help Hong Kong exporters seize new opportunities arising from e-tailing and e-commerce. Major initiatives include: setting up new Online-to-Offline (O2O) *Design Gallery* outlets in selected Mainland cities; setting up an *Online Design Gallery* WeChat Store; transforming *HKTDC Marketplace* app into a mobile integrated sourcing platform for buyers through personalisation and expanded features; and extending the penetration of *hktdc.com Small Orders* on the Mainland by developing a Chinese transactional platform. The relevant work will be carried out by TDC's existing staff. We do not have breakdown of expenditure for individual items.
- (6) The Retail Technology Adoption Assistance Scheme for Manpower Demand Management was launched in December 2014 to support the retail industry (in particular SMEs) to adopt technologies for enhancing productivity, managing manpower demands and improving work conditions. The funding of \$50 million is expected to support about 1 000 SMEs. The estimated expenditure in 2017-18 depends on the number of applications.
- (7) The Hong Kong Export Credit Insurance Corporation (ECIC) has launched a "Small Business Policy" (SBP) scheme for Hong Kong enterprises with an annual business turnover of less than \$50 million since 1 March 2013, providing exporters with more flexibility in taking out insurance cover. This measure is implemented within ECIC's overall budget, and does not involve additional government resources. The Government also proposed in the 2017-18 Budget to strengthen the underwriting capacity of ECIC by raising the cap on the contingent liability of ECIC under contracts of insurance from \$40 billion to \$55 billion so that it can continue to provide export credit insurance covers to Hong Kong exporters. The proposal should not involve actual Government expenditure until ECIC has exhausted all its capital and reserves which stood at \$2,141 million as at 31 March 2016.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)089

(Question Serial No. 2498)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (-) -

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Government stated that the application period for the special concessionary measures under the Small and Medium Enterprises Financing Guarantee Scheme (SFGS) would be extended to 28 February 2018. Will the Government advise this Committee of the number of successful applicants benefited from such measures under the SFGS in each of the past 2 years? How many applications were rejected? Has the Government evaluated the effectiveness of the SFGS and the special concessionary measures? If yes, what are the details?

Asked by: Hon LAM Kin-fung, Jeffrey (Member Question No. 3)

Reply:

The Hong Kong Mortgage Corporation Limited (HKMC) launched the special concessionary measures under its existing SME Financing Guarantee Scheme (SFGS) on 31 May 2012 to provide 80% loan guarantees at concessionary fee rates. The Government provides a total loan guarantee commitment of \$100 billion. The special concessionary measures are time-limited special measures. The original application period was 9 months, which was later extended five times to the end of February 2018, to assist enterprises in obtaining loans in the commercial lending market.

As at the end of February 2017, the statistics related to applications under the special concessionary measures in the past two years are as follows:

	2015	2016	2017 (1 January – 28 February)
No. of applications approved *	1 027	750	151
No. of applications rejected	7	9	0

* Excluding applications withdrawn by participating lenders after approval.

The special concessionary measures have benefited more than 7 100 local enterprises of various industries (including more than 6 500 small and medium enterprises) and over 180 000 employees since launch of the measures. The annual guarantee fee rate for the measures has been reduced by ten per cent and the minimum guarantee fee for the measures has been removed since June 2016. We believe that the measures can assist enterprises in obtaining loans in the commercial lending market and further reducing the cost of financing.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)090

(Question Serial No. 0346)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Many travellers, with richer experience in travelling abroad, seek in-depth travel experiences. The Financial Secretary said that the Government would further promote the diversification of tourism products by inviting the Hong Kong Tourism Board to provide funding support to the sector for tourism projects with local characteristics and green tourism products. In this connection, would the Government inform this Committee of:

- (1) the current number of cultural tourism and green tourism products being promoted, as well as their progress, effectiveness and measurement indicators;
- (2) the breakdown of the expenditure on subsidy for the sector and the eligibility criteria for application;
- (3) whether the Government will consider developing complementary tourism facilities at remote villages to promote green tourism products; if so, the details; if not, the reasons.

Asked by: Hon LAU Ip-keung, Kenneth (Member Question No. 16)

Reply:

- (1) The Tourism Commission (TC), in collaboration with the relevant departments, the Hong Kong Tourism Board (HKTB), the travel industry and various event organisers, has been promoting Hong Kong's living culture and natural scenery through different publicity channels of HKTB with a view to encouraging visitors to explore Hong Kong's diverse tourism appeal in depth, as well as enriching visitors' in-town experience. The HKTB's key initiatives in promoting cultural and green tourism include the following:

- Promoting cultural tourism
 - The HKTb has been promoting the city's key arts venues and attractions, as well as arts and cultural events to visitors and the international media through various channels, including the digital media, visitor hotline, visitor centres and public relations programmes. In 2016-17, the HKTb has promoted over 200 arts and cultural activities held in Hong Kong to visitors, such as the Hong Kong Arts Festival, Hong Kong International Film Festival, Le French May, Art Basel, Asia Contemporary Art Show, etc.
 - Every March, a number of major arts events are held in Hong Kong. In view of this, the HKTb has launched the "Hong Kong Arts Month" promotion in March since 2014 to step up promotion to visitors. In addition to showcase the rich cultural ambience in Hong Kong, the HKTb also promotes local cultural activities and guided tours to visitors.
 - The HKTb encourages the local travel trade to develop new, creative themed tour products through the "New Tour Product Development Scheme". As at late 2016, the Scheme had subsidised 33 tour products, including a number of guided tours featuring the arts and culture, for example, the "Hong Kong Movie Tour", which brings visitors to explore the shooting venues of famous local films; the "New Territories Cultural Tour", which showcases century-old villages, museums and ancient temples to visitors; and the "A Glimpse of Traditional Central", which allows visitors to experience the East-meets-West culture of Hong Kong, etc. The HKTb will continue to run this Scheme in 2017-18.
 - The HKTb plans to launch a brand-new programme named "Old Town Central" in 2017 to introduce a number of thematic walking routes featuring the diverse elements of Central, including the arts and culture hotspots, landmarks and attractions in Central and Sheung Wan.
- Promoting green tourism
 - The HKTb has been promoting the city's natural scenery through digital media, marketing promotions, public relations, visitor centres, hotlines and trade activities. Besides, the HKTb promotes Hong Kong's nature-based green tourism products and countryside landscapes through the "Great Outdoors Hong Kong" platform between November and March each year, covering the Hong Kong UNESCO Global Geopark, hiking trails and itineraries featuring outlying islands, as well as the guided tours and green tourism products organised by the travel trade and other organisations.
 - In 2016-17, the HKTb has organised over 50 guided tours and produced around 120 000 hiking guidebooks to recommend nine hiking trails and cycling routes, and suggest the best photography locations to visitors during the "Great Outdoors Hong Kong" promotion period. In 2017-18, the HKTb will continue to leverage on the "Great Outdoors Hong Kong" platform to introduce Hong Kong's countryside and natural scenery to visitors to showcase the city's diverse travel experiences through the publication of hiking guidebooks and overseas promotions.

- (2) In 2017-18, the Government will provide an additional funding of \$5 million to the HKTB to launch a pilot scheme to promote in-depth green tourism. The Government will provide subsidy to the travel trade for introducing and operating in-depth green tourism products, thus bringing more choices for tourists. TC, in collaboration with the HKTB, is now working on the guidelines of subsidies for the pilot scheme and will announce the details in due course.
- (3) As for the ancillary facilities at green tourism spots, the Development Bureau is implementing a “Pier Improvement Programme (PIP)” to upgrade the structural and facility standards of a number of existing public piers at remote rural areas in phases with a view to addressing public requests and enhancing accessibility of some remote heritage and natural scenic attractions. The first phase of the PIP, involving about 10 public piers, will mainly focus on Sai Kung, Tai Po and North Districts as well as Lantau and outlying islands. The PIP can help improve the supporting facilities of the remote rural areas concerned, thereby promoting in-depth green tourism as well as cultural and heritage tourism. In addition, the TC maintains liaison with the tourism sector and operators of tourist attractions, and listens to their views on the general ancillary facilities in green attractions. The TC will also co-ordinate with relevant departments to make adjustments and improvements as appropriate (e.g. the installation of visitor signage at tourist spots).

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)091

(Question Serial No. 0364)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (9) Subvention: Competition Commission

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Competition Commission (the Commission) was established under the Competition Ordinance (CO). Its functions includes handling complaints of and conducting investigations into cases alleging to contravene competition rules, and escalating cases to in-depth investigation with the aim to settling cases by issuing warning notice or commitment or bringing cases to the Competition Tribunal. In this connection, will the Government inform this Committee of the following:

- 1) Upon the full implementation of the CO, what is the number of complaints received by the Commission? Amongst them, what are the respective numbers of cases being categorised as “take no further action”, “take no further action while recommending the Complainant refer the complaint to another agency” and “review the matter further by conducting an initial Assessment”?
- 2) Among the cases which are categorised as “review the matter further by conducting an initial Assessment”, how many of them are still under investigation? How many of them in which investigations have been completed? What action has been taken to deal with the cases in which investigations have been completed?
- 3) In 2017-18, what are the respective estimated expenditure for campaigns and education and conducting market studies?

Asked by: Hon LAU Ip-keung, Kenneth (Member Question No. 36)

Reply:

- 1) Upon the full implementation of the Competition Ordinance (“Ordinance”) in December 2015, the Competition Commission (“Commission”) has received over 2 000 complaints and enquiries. As at 28 February 2017, around 130 cases were assessed further, of which 13% had processed to in-depth investigation stage. The Commission has also referred around 95 cases to other authorities/agencies.
- 2) In order to protect the confidentiality of investigation work, the Commission would not normally reveal the nature and status of its investigations. Nevertheless, the Commission will provide through its annual reports an outline of the investigations carried out by it, a summary of complaints received, and an outline of all proceedings brought before the Competition Tribunal.
- 3) The Commission’s budget for 2017-18 includes about \$6.9 million for publicity and public education activities. It does not include staff cost and other general expenses which cannot be separately quantified. The Commission conducts market studies directly by its in-house staff and the expenditure involved cannot be quantified separately.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)092****(Question Serial No. 0462)**

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is stated in the Budget that the Government will continue its publicity in the Mainland to promote the quality and honest image of Hong Kong's tourism. (1) What was the number of complaints received by the authorities in each of the past 3 years lodged by members of inbound Mainland tour groups and what were the complaint items? (2) What were the numbers of prosecution against unscrupulous traders? (3) What are the detailed expenditure items and establishment earmarked for publicity in the Mainland this year?

Asked by: Hon LAU Ip-keung, Kenneth (Member Question No. 35)

Reply:

- (1) Under the current two-tier regulatory regime of the tourism sector, the Travel Industry Council of Hong Kong (TIC) is responsible for trade self-regulation, including putting in place a mechanism to handle travellers' complaints against Hong Kong travel agents and tourist guides. The numbers of complaints received by the TIC from the Mainland inbound tour group visitors during the past 3 years are as follows:

	2014	2015	2016
Number of complaints from Mainland inbound tour group visitors (cases)*	273	260	161
Arrangements of travel agents (complaint items)	18	10	9
Services of tourist guides (complaint items)	152	143	58
Shopping related matters (complaint items)	125	148	110

* A single case may involve more than one complaint item.

- (2) The TIC has regulations requiring travel agents to register the information about designated shops with the TIC in advance before arranging tour group members to patronise such shops. Registered shops must pledge to comply with the requirements of the TIC (e.g. to state information on the receipt in accordance with the requirements, refund requirements, and to put up posters on refund protection in the shop). The numbers of cases where the TIC's Committee on Shopping-related Practices considered registered shops to be in breach of the pledges during the past 3 years are as follows:

	2014	2015	2016
Number of cases where registered shops were in breach of pledges	9 cases	5 cases	6 cases

- (3) The Hong Kong Tourism Board (HKTB)'s proposed marketing budget for the Mainland market in 2017-18 is \$37.5 million, of which 80% will go to non-Guangdong areas and 20% will go to Guangdong Province to attract more overnight visitors. Key marketing initiatives include promoting Hong Kong's hospitable image and tourist-friendly culture, attracting visitors and stimulating spending, and promoting quality service culture.

In addition, the HKTB will use \$31 million out of the \$238 million additional funding as stated in the Budget to strengthen Hong Kong's positive image in the Mainland and step up promotion of the Quality and Honest Hong Kong Tours and Quality Tourism Services Scheme.

As the promotion work involves a number of aspects and will be undertaken by various departments in the HKTB Head Office and Mainland offices, and that the expenditure on publicity will be subsumed into such various aspects, it is difficult to quantify the relevant expenditure items and establishment earmarked.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)093****(Question Serial No. 3747)**

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Starting from April 2015, the Government has tightened the “multiple-entry” measure in respect of permanent residents of Shenzhen by replacing it with the “one trip per week” measure. Will the Government inform this Committee of the respective numbers of visitors to Hong Kong under “multiple-entry” Individual Visit Endorsements and “one trip per week” Individual Visit Endorsements as well as the estimated economic benefits brought about by them in each month of 2016? What are the percentage shares of these two types of endorsements in the total number of visitors under the Individual Visit Scheme (IVS), and the percentage shares of the economic benefits brought about by these two types of endorsements in the overall economic benefits brought about by all visitors under the IVS?

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Number of “multiple-entry” visitors												
Economic benefits brought about by “multiple-entry” visitors												
Percentage share of such visitors in terms of all IVS visitors												

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Percentage share of the economic benefits brought about by such visitors in the overall economic benefits brought about by all IVS visitors												
Number of “one trip per week” visitors												
Economic benefits brought about by “one trip per week” visitors												
Percentage share of such visitors in all IVS visitors												
Percentage share of the economic benefits brought about by such visitors in the overall economic benefits brought about by all IVS visitors												

Asked by: Hon LAW Kwun-chung, Nathan (Member Question No. 68)

Reply:

According to the statistics provided by the Immigration Department, the numbers of visitor travelling to Hong Kong on multiple-entry endorsements and “one trip per week” endorsements in each month of 2016 are as follows:

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Visitors travelling on multiple-entry endorsements*												
Number of visitors ('000)	260	120	70	10	-	-	-	-	-	-	-	-
Percentage share in all visitors of the month travelling under the Individual Visit Scheme (IVS) (%)	10	6	4	0	-	-	-	-	-	-	-	-
Visitors travelling on "one trip per week" endorsements												
Number of visitors ('000)	730	590	610	690	700	650	760	740	720	730	680	820
Percentage share in all IVS visitors of the month (%)	30	30	36	38	39	38	34	32	39	35	36	34

* The "one trip per week" measure was implemented on 13 April 2015. The measure did not affect multiple-entry endorsements issued before 13 April 2015, which were valid for one year.

We do not maintain other statistics on the subject as mentioned in the question.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)094

(Question Serial No. 3749)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (3) Subvention: Hong Kong Trade Development Council

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Of the budget of the Hong Kong Trade Development Council (TDC) for 2016-17, how much was spent on regions and projects related to the Belt and Road Initiative? For the 2017-18 budget, how much does the TDC expect to be spent on meeting the expenditure arising from regions and projects related to the Belt and Road Initiative?

Asked by: Hon Nathan LAW Kwun-chung (Member Question No. 69)

Reply:

Promotion work relating to the Belt and Road Initiative is part of the work covered under Programme (3) to be carried out by the Hong Kong Trade Development Council's existing staff. We do not have breakdown of staff establishment and expenditure for individual items.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)095

(Question Serial No. 0681)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (9) Subvention: Competition Commission

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Competition Ordinance clearly stipulates that bid-rigging is an illegal act of price-fixing and also one of the key targets of enforcement of the Ordinance. How many bid-rigging complaints have been received by the Competition Commission up to present? Of them, how many are being followed up, how many have been completed and how many were substantiated? What were the details of the penalties imposed, if any?

Asked by: Hon LEE Wai-king, Starry (Member Question No. 33)

Reply:

In order to protect the confidentiality of investigation work, the Competition Commission ("Commission") would not normally reveal the nature and status of its investigations. Nevertheless, the Commission will provide through its annual reports an outline of the investigations carried out by it, a summary of complaints received, and an outline of all proceedings brought before the Competition Tribunal.

The Commission has earlier commenced proceedings in the Competition Tribunal against five information technology companies alleged of making or giving effect to bid-rigging arrangements.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)096

(Question Serial No. 2699)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Please provide the following information about the Belt and Road Office:

What are the office's staff establishment and the expenditure involved for 2016-17 and 2017-18?

The Government indicated that it would beef up the office's establishment and resources to take forward the work more effectively and on a long-term basis. In what areas of work will the additional resources be used? What are the manpower and expenditure involved?

What is the office's action plan for the coming year? Please set out the specific work details, venues of events to be organised, as well as the manpower and expenditure involved.

Asked by: Hon LEUNG Kenneth (Member Question No. 1.07)

Reply:

The Belt and Road Office's replies are as follow -

At present, the Belt and Road Office (BRO) has 13 non-permanent posts, namely 1 Commissioner for Belt and Road (appointed on pro-bono basis), 1 Deputy Commissioner for Belt and Road (Post-retirement Service Contract post), 1 time-limited Administrative Officer grade post, 2 time-limited Trade Officer grade posts, 1 Executive Officer, 1 Personal Secretary and 3 Clerical grade posts on loan from the General Grades Office, 1 Motor Driver grade post on loan from the Government Logistics Department and 2 non-civil service contract posts (one for administrative work and the other research work). The provision of BRO for 2016-17 is \$25.429 million.

In 2017-18, BRO plans to create 16 permanent posts, including 2 Directorate grade posts, 2 Administrative Officer grade posts, 2 Trade Officer grade posts, 1 Information Officer grade post, 2 Executive Officer grade posts, and 7 posts belonging to the Secretarial, Clerical and Chauffeur grades, to replace the existing non-permanent establishment and increase manpower to ensure that the office can take forward the work under the Belt and Road Initiative more effectively and on a long-term basis. The estimated overall expenditure of BRO for 2017-18 is \$35.038 million which is mainly for salaries and other operating expenses. We will report to the relevant Panel of the Legislative Council the detailed organisation and establishment of BRO, and submit our proposal for the creation of the Directorate grade posts to the Establishment Subcommittee and the Finance Committee of the Legislative Council, in accordance with the procedure for creating Directorate grade posts.

In 2017-18, BRO will strengthen and do more comprehensively its work in the following areas: (i) connect and communicate with various stakeholders to understand and help solve the general problems encountered by Hong Kong enterprises in participating in the Belt and Road Initiative; (ii) liaise with relevant central authorities to establish mechanisms to enhance the exchange of information on the Belt and Road Initiative, particularly regarding policies, development plans and projects; and (iii) collect and analyse information to assist Hong Kong enterprises and professions to better seize the opportunities arising from the Belt and Road Initiative.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)097****(Question Serial No. 2700)**

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Please provide the specific work plans for promoting Hong Kong's business advantages in the Mainland, Taiwan and overseas for the financial year 2017/18:

Location	Date	Activities	The estimated manpower and amount involved

Asked by: Hon LEUNG Kenneth (Member Question No. 109)

Reply:

Invest Hong Kong ("InvestHK") under the Commerce and Economic Development Bureau reaches out directly to potential companies through its network of Investment Promotion Units ("IPUs") and consultants, and promotes the business advantages of Hong Kong through various forms of marketing activities.

In 2017-18, InvestHK will continue to collaborate with Mainland authorities and business associations to promote Hong Kong as an ideal platform for Mainland companies to go global. InvestHK is planning to organise investment promotion seminars in various high-growth Mainland cities such as Tianjin, Chengdu, Xiamen, Shenyang, Jinan, Changsha, Taiyuan and Anhui. InvestHK is now in discussion with its counterparts in the Pearl River Delta and Macao on the joint promotion plan for 2017-18, for further raising the awareness and interest of overseas investors towards the business opportunities in the region.

As regards the Taiwan market, InvestHK will continue to reach out to a wide spectrum of Taiwan companies to provide them with the necessary support in setting up or expanding their operations in Hong Kong. InvestHK will strengthen its partnership with the Taiwan business community and conduct investment promotion visits to various Taiwan cities, with the support of its Investment Promotion Unit in the Hong Kong Economic, Trade and Cultural Office in Taiwan. InvestHK will also maintain close liaison with the Taiwan business community in Hong Kong and offer aftercare services to facilitate the expansion of their businesses.

InvestHK plans to conduct a series of investment promotion visits in target markets including Southeast Asia, India, the Middle East and Russia to underline Hong Kong's business advantages and to attract more companies to set up businesses in Hong Kong. In addition, InvestHK will organise other investment promotion events, including local networking receptions for companies, consulates and chambers of commerce from the target markets.

InvestHK will also sponsor events which tie in with its priority sectors and markets, such as SuperReturn China in Beijing, ThaiFex Food Expo in Bangkok, and Marine Money in Shanghai, New York and Singapore. In addition, InvestHK will maximise the promotional impact through advertising and social media channels (e.g. LinkedIn, Twitter). The estimated expenditure for InvestHK on investment promotion work for 2017-18 is \$40 million. The figure does not include staff cost and administrative overheads expenses which cannot be quantified separately.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)098

(Question Serial No. 6147)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Provision for 2017-18 is \$520.8 million (239.6%) higher than the revised estimate for 2016-17.

What are the reasons for that? In comparison to the 2016-17 original/revised estimate, please provide detailed explanations and an estimated breakdown of the expenditures in question.

Asked by: Hon Kenneth LEUNG (Member Question No. 6)

Reply:

CITB and the Belt and Road Office's consolidated replies are as follows:

The higher estimated expenditure under Programme (2) for 2017-18 against the revised estimate for 2016-17 is mainly due to -

- The increase in cash flow requirement for the Special Concessionary Measures under the SME Financing Guarantee Scheme, which accounts for \$412 million. Under the special concessionary measures of the SME Financing Guarantee Scheme, the Government is required to pay sufficient amount of funds to the Hong Kong Mortgage Corporation Limited in meeting the requirements of payments for default compensations and the necessary out-of-pocket expenses. The estimated cash flow requirements under the measures may fluctuate every year.

- The increase in cash flow requirement for the Measures for Manpower Development of Retail Industry, which accounts for \$3.55 million.
- The beginning of cash flow requirement for the Professional Services Advancement Support Scheme (PASS), which accounts for \$40 million. PASS was launched in November 2016. The first batch of funded projects is expected to roll out in mid-2017.
- The inclusion of the estimated overall expenditure of the Belt and Road Office (BRO), which accounts for \$35.038 million. This is mainly for beefing up the office's establishment and resources to ensure that the office can take forward the work under the Belt and Road Initiative more effectively and on a long-term basis.
- The estimated increase of \$5 million for the subscription to the WTO and increase in the departmental expenses.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)099

(Question Serial No. 2858)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (1) Director of Bureau's Office

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The number of directorate civil servants in the Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch) will increase by 3 persons from 20 last year to 23 this year. Please advise on:

1. the scope of work of these 3 directorate civil servants; and
2. the respective ranks, salary points, remuneration and benefit amounts of the above 23 directorate civil servants.

Asked by: Hon LEUNG Kwok-hung (Member Question No. 34)

Reply:

The Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch) plans to create 3 directorate civil service posts in 2017-18 to oversee the strengthening of the network of the overseas Economic and Trade Offices (ETO) and to take forward work under the Belt and Road Initiative. The annual salary provisions earmarked for these posts at notional annual salary cost at mid-point are \$7.73 million.

At present, there are a total of 13 directorate civil service posts under the Commerce and Industry Branch, including one Administrative Officer Staff Grade A1, one Administrative Officer Staff Grade B1, two Administrative Officer Staff Grade B(AOSGB), eight Administrative Officer Staff Grade C(AOSGC) and one Principle Executive Officer(PEO) posts. In 2017-18, the annual salary provisions earmarked for these posts at notional annual salary cost at mid-point are \$28.87 million.

In the Tourism Commission, there are a total of 7 directorate civil service posts, including one Administrative Officer Staff Grade A, one AOSGB, three AOSGC, one Senior Principle Executive Officer and one PEO posts. In 2017-18, the annual salary provisions earmarked for these posts at notional annual salary cost at mid-point are \$15.29 million.

The above-mentioned officers are eligible for the fringe benefits prescribed in the Memorandum on Conditions of Service, Civil Service Regulations and other relevant regulations. Expenditures on fringe benefits for the incumbents are included in other relevant heads of expenditure, no provision is earmarked for this purpose under this programme.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)100****(Question Serial No. 4995)**

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

On the initiative to provide support for small and medium enterprises, the Government proposes to strengthen the underwriting capacity of the Hong Kong Export Credit Insurance Corporation (ECIC) by raising the cap on the contingent liability of ECIC under contracts of insurance from \$40 billion to \$55 billion. In this connection, please advise this Committee of the number of contracts of insurance covered by ECIC in each of the past 5 years (from 2012/13 to 2016/17). What is the average coverage of each contract? What is the percentage of the total sum assured to the cap each year? What are the number and percentage of contracts of insurance fulfilled due to market/country risk each year? What is the total payment made by ECIC for fulfillment of contract each year?

Asked by: Hon LEUNG Kwok-hung (Member Question No. 502)

Reply:

- (1) The number of policies, aggregate maximum liability, average aggregate maximum liability, etc. of the Hong Kong Export Credit Insurance Corporation (ECIC) for the past five years (i.e. 2012-13 to 2016-17) are as follows:

	Financial Year				
	2012-13	2013-14	2014-15	2015-16	2016-17 (As at 28 February 2017)
	As at 31 March				
Number of policies	3 504	3 543	3 600	3 447	3 107
Aggregate maximum liability (\$ million) (Note)	31,274	33,355	33,730	35,594	37,794
Average maximum liability (Aggregate maximum liability / Number of policies) (\$ million)	8.93	9.41	9.37	10.33	12.16
Aggregate maximum liability / Statutory Maximum Liability	78.2%	83.4%	84.3%	89.0%	94.5%

Note: Each insurance policy has a maximum liability which represents the maximum amount of claims payable by ECIC during a policy period. The total maximum liability represents the aggregate amount of maximum liability of all policies issued.

(2) ECIC provides cover on buyer and country risks. In the past 5 financial years, ECIC has not made any claims payment due to country risks. The numbers and amount of cash claims paid by ECIC in the past 5 years are as follows:

	Financial Year				
	2012-13	2013-14	2014-15	2015-16	2016-17 (Up to 28 February 2017)
No. of cash claim cases	168	162	156	147	104
Amount (\$ million)	67.96	50.77	64.31	51.74	65.30

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)101

(Question Serial No. 5012)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (7) Subvention : Hong Kong Tourism Board

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Provision for 2017–18 is \$61.2 million (6.9%) higher than the revised estimate for the previous year. This is mainly due to the additional provision for the celebration of 20th Anniversary of the Establishment of the HKSAR. In this connection, will the Government advise on the funding amount required specifically for the celebration of 20th Anniversary of the Establishment of the HKSAR and its percentage in the provision.

Asked by: Hon LEUNG Kwok-hung (Member Question No. 524)

Reply:

To commemorate the 20th anniversary of the establishment of the Hong Kong Special Administrative Region (HKSAR), the Government has allocated an additional funding of \$70 million to the Hong Kong Tourism Board (HKTb) for organising a series of celebratory events in 2017, including stepping up overseas promotion and debuting a brand-new carnival in summer (temporarily entitled as “Hong Kong Summer Party”). The HKTb also plans to introduce new elements to various mega events, such as setting up 20th anniversary cups for the Hong Kong Dragon Boat Carnival and the Hong Kong Cyclothon as well as incorporating celebratory programmes into the Hong Kong Wine & Dine Festival and the Hong Kong Great November Feast.

In addition, the Tourism Commission and the HKTb work together to invite local attractions and the tourism trade to provide special offers for visitors in celebrating the 20th anniversary of the establishment of the HKSAR, so as to create a celebratory ambience and to make visitors feel that visiting Hong Kong during the celebration period would be value-for-money. Up to now, about 20 local attractions, airlines and transport service companies have confirmed their participation. The HKTb will consolidate the offers from all participating members of the trade into a booklet, which will be distributed via local

trade partners, hotels and the HKTb's visitor information services centres. Besides, the HKTb is promoting the offers through digital and social media platforms, public relations initiatives, as well as trade and consumer events. As the promotion work involves a number of aspects, it is therefore difficult to quantify the expenditure separately.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)102****(Question Serial No. 5038)**

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (1) Director of Bureau's Office

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Financial Secretary stated that the application period of the special concessionary measures under the Small and Medium Enterprises Financing Guarantee Scheme (SFGS) would be extended to 2018. And the Hong Kong Mortgage Corporation Limited will also launch special concessionary measures to raise the loan guarantee ratio to 80% of the approved loan. In this connection, will the Government inform this Committee since the launch of the special concessionary measures in 2012, what were :

1. the number of applications under SFGS, the number of approved applications and the amount of total loan guarantee approved each year. Please set out the information in table form;
2. the business nature and number of enterprises whose applications were approved each year; and
3. the number of default cases processed by the Government, the total amount of default claims and the percentage of these defaults in the total loan guarantee amount each year.

Asked by: Hon LEUNG Kwok-hung (Member Question No. 557)

Reply:

The Hong Kong Mortgage Corporation Limited (HKMC) launched the special concessionary measures under its existing SME Financing Guarantee Scheme (SFGS) on 31 May 2012 to provide 80% loan guarantees at concessionary fee rates. The Government provides a total loan guarantee commitment of \$100 billion. The special concessionary measures are time-limited special measures. The original application period was 9 months, which was later extended five times to the end of February 2018, to assist enterprises in obtaining loans in the commercial lending market. To further relieve the burden of borrowers, the Government has reduced the annual guarantee fee rate for the measures by ten per cent and removed the minimum guarantee fee rate for the measures starting from 1 June 2016.

As at the end of February 2017, the statistics related to applications under the special concessionary measures are as follows:

	2012 (31 May – 31 December)	2013	2014	2015	2016	2017 (1 January – 28 February)	Total (31 May 2012 – 28 February 2017)
No. of applications received	5 533	3 346	1 887	1 182	889	178	13 015
No. of applications approved *	5 068	2 948	1 645	1 027	750	151	11 589
Facility amount for applications approved	\$22.738 billion	\$11.203 billion	\$5.814 billion	\$3.406 billion	\$2.428 billion	\$0.516 billion	\$46.105 billion

* Excluding applications withdrawn by participating lenders after approval.

As at the end of February 2017, the statistics related to the approved applications under the special concessionary measures, by industry, are as follows:

Industries	No. of applications approved						Total (31 May 2012 – 28 February 2017)
	2012 (31 May – 31 December)	2013	2014	2015	2016	2017 (1 January – 28 February)	
Manufacturing	1 411	754	260	165	102	19	2 711
Textiles and clothing	293	155	38	18	12	1	517
Electronics	134	70	20	15	6	3	248
Plastics	100	63	28	15	6	3	215
Printing and publishing	104	52	15	13	11	1	196
Others	780	414	159	104	67	11	1 535
Non-manufacturing	3 657	2 194	1 385	862	648	132	8 878
Trading	2 290	1 318	838	478	327	66	5 317
Wholesale and retail	444	230	137	117	97	20	1 045
Construction	124	78	55	37	45	11	350
Engineering	109	85	67	49	25	5	340
Transport/logistics	111	77	42	30	28	7	295
Others	579	406	246	151	126	23	1 531
Total	5 068	2 948	1 645	1 027	750	151	11 589

As at the end of February 2017, the statistics related to the processing of default claims under the special concessionary measures are as follows:

	2012 (31 May – 31 December)	2013	2014	2015	2016	2017 (1 January – 28 February)	Total (31 May 2012 – 28 February 2017)
No. of default claims processed ¹	0	1	11	62	94	10	178

As at the end of February 2017, the cumulative statistics as at year-end related to the processing of default claims under the special concessionary measures are as follows:

	2012 (31 May – 31 December)	2013	2014	2015	2016	2017 (as at end of February)
Cumulative amount of net default claims ²	\$0 million	\$98 million	\$399 million	\$976 million	\$1,671 million	\$1,718 million
Cumulative default rate ³	0.00%	0.36%	1.25%	2.83%	4.58%	4.65%

¹ Including default claims approved and default claims rejected (the HKMC has not rejected any default claim so far).

² Excluding claim requests of which the outstanding indebtedness amounts have been fully settled after the claim requests were submitted, and the claim requests withdrawn by participating lenders.

³ This is a cumulative year end default rate: Default Rate = (Amount of net claims received - Net amount recovered from Lenders after compensation is made) / Total amount of guarantees approved x 100%.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)103

(Question Serial No. 3430)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (000) Operational Expenses

Programme: (-) -

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Regarding outsourcing of service in your department, please inform this Committee of the following in respect of the past 3 years:

1. the total number of outsourced service staff employed by your department and the percentage of outsourced service staff against the total number of staff with the same types of duties in your department;
2. the total expenditure on staff of your department; the total amount paid to outsourced service providers; and the percentage of amount paid to outsourced service providers against the total expenditure on staff of your department; and
3. the nature of your department's outsourced services and the duration of the relevant contracts.

In addition, according to the Government's guidelines for tendering of outsourced services revised last year, if the procured service relies heavily on the deployment of non-skilled workers, and a marking scheme for assessing the tenders is adopted, the procuring department, when assessing the tenders, should include in the assessment criteria the evaluation of tenderers' proposed wage rates and working hours for non-skilled workers. In this regard, please inform this Committee of the following:

4. the current number of outsourced service contracts involving a large number of non-skilled workers awarded by your department since implementation of the guidelines;

5. the departments which have adjusted their assessment criteria in respect of wage rates and working hours for the outsourced service contracts involving a large number of non-skilled workers in the light of the new guidelines since their implementation; how your department has made adjustment; and if no relevant information is available, the reasons for it;
6. whether there have been any rises in the average wage rates for workers in the contracts of outsourced services that rely heavily on deployment of non-skilled workers since the implementation of the guidelines; if yes, the number of contracts with rises in wage rates; if no relevant information is available, the reasons for it;
7. your department's measures to evaluate the effectiveness of the new tendering guidelines;
8. whether your department is required to adopt the existing mechanism of two-envelope assessment of the technical and price aspects when evaluating tenders for contracts of outsourced service; if no, the number of contracts awarded without adopting the existing mechanism of two-envelope assessment of the technical and price aspects in the past 3 years;
9. the annual numbers of cases of government service contractors breaching the service contracts, the Employment Ordinance or the Occupational Safety and Health Ordinance as revealed by the inspections conducted by your department, and the annual numbers of complaints lodged by the outsourced service staff;
10. the details of follow-up actions on the aforementioned non-compliance and complaint cases; and
11. the number and details of cases involving contractors being punished for non-compliance or sustained complaints.

Asked by: Hon LEUNG Yiu-chung (Member Question No. 155)

Reply:

(1) – (3) The Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch) (“CITB”) has awarded three refuse collection and cleaning contracts from 2014-15 to 2016-17. The duration of two contracts were three years and the remaining one two years and eight months, involving seven outsourced service staff in total. No CITB staff are involved in the same type of duties as the outsourced service staff. In the past three years, our personal emoluments and personnel related expenses is \$493 million and the total amount paid to the outsourced service provider is \$0.124 million, which is about 0.03% of the total staff related expenditure.

(4) – (7) In 2016, the Government issued guidelines for tendering of outsourced services that rely heavily on the deployment of non-skilled workers. As only one outsourced service staff was involved in our contract awarded at that time, the guidelines were not applicable.

(8) When evaluating tenders for contracts of outsourced service, we follow the procedures as laid down in the Government's Stores and Procurement Regulations in determining the evaluation criteria. If it is considered necessary to use the marking scheme, we will request the tenderers to adopt a two-envelope approach in submitting tenders, and we will evaluate the technical and price aspects of the tenders separately.

(9) – (11) We have not received any complaint lodged by outsourced service staff against the service contractor for breach of the service contract, the Employment Ordinance or the Occupational Safety and Health Ordinance.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)104

(Question Serial No. 3450)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (000) Operational expenses

Programme: (-) -

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Does your department provide sign language interpretation services? If yes, what are the manpower and staff expenditure involved? If no, what are the reasons?

Asked by: Hon LEUNG Yiu-chung (Member Question No. 199)

Reply:

The Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch) will, having regard to service need, arrange sign language interpretation services through related service providers. These services are not directly provided by our staff, hence there are no related manpower and staff expenditure under Head 152.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)105****(Question Serial No. 0420)**

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Under Matters Requiring Special Attention in 2017-18, the Commerce, Industry and Tourism Branch will have discussions with major trading partners like the Mainland, Taiwan, and ASEAN on enhancing economic co-operation to strengthen efforts to promote the business advantages of Hong Kong as well as to attract more multinational companies to set up operations and regional headquarters in Hong Kong. Please advise this Committee of the total expenditure involved in the relevant work in the past 3 years and the overall effectiveness. How much provision will be made for the above work in the coming year? Which regions, does the Government have in mind, are of greater development potential and will be targeted for strengthening promotion and publicity efforts? Please set out the figures and work progress in respect of each region in table form.

Asked by: Hon LIAO Cheung-kong, Martin (Member Question No. 24)

Reply:

The actual expenditure incurred in 2014-15 and 2015-16, the estimated actual expenditure incurred in 2016-17 and estimated expenditure in 2017-18 for investment promotion activities in the Mainland, Taiwan and the Association of Southeast Asian Nations ("ASEAN") markets conducted by Invest Hong Kong ("InvestHK") under the Commerce, Industry and Tourism Branch are as follows:

Market	Actual Expenditure in 2014-15 (HK\$ million)	Actual Expenditure in 2015-16 (HK\$ million)	Estimated Actual Expenditure in 2016-17 (HK\$ million)	Estimated Expenditure in 2017-18 (HK\$ million)
Mainland	6	6	6	6
Taiwan	1	1	1	1
ASEAN	0.7	0.7	1	1
Total	7.7	7.7	8	8

The figures above do not include staff cost and general marketing and promotion expenses which cannot be separately quantified.

Our investment promotion efforts were effective in enhancing the understanding of companies in those regions about Hong Kong's investment environment and the advantages of investing in Hong Kong. Our efforts generated a total of 235, 37 and 48 completed projects from the Mainland, Taiwan and ASEAN respectively in the past three years, accounting for 28.5% for the department's total. The breakdown of number of investment projects from the Mainland, Taiwan and ASEAN completed in the past three years are as follows:

Market \ Year	Number of investment projects completed		
	2014	2015	2016
Mainland	75	78	82
Taiwan	8	11	18
ASEAN	15	14	19

In 2017-18, InvestHK will conduct marketing campaigns, seminars and investment promotion visits to attract and assist more companies from the Mainland, Taiwan and emerging markets including those along the Belt and Road to set up or expand their business operations in Hong Kong. For the Mainland market, InvestHK will continue to strengthen collaboration with Mainland authorities and business associations to promote Hong Kong as an ideal platform for Mainland companies to go global. InvestHK is planning to organise investment promotion seminars in various high-growth Mainland cities such as Tianjin, Chengdu, Xiamen, Shenyang, Jinan, Changsha, Taiyuan and Anhui.

As regards the Taiwan market, InvestHK will continue to reach out to a wide spectrum of Taiwan companies to provide them with the necessary support in setting up or expanding their operations in Hong Kong. InvestHK will strengthen its partnership with the Taiwan business community and conduct investment promotion visits in various Taiwan cities, with the support of its Investment Promotion Unit in the Hong Kong Economic, Trade and Cultural Office in Taiwan. InvestHK will also maintain close liaison with the Taiwan business community in Hong Kong and offer aftercare services to facilitate the expansion of their businesses.

InvestHK plans to conduct a series of investment promotion visits in target markets including Southeast Asia, India, the Middle East and Russia to underline Hong Kong's business advantages and to attract more companies to set up businesses in Hong Kong. InvestHK will also organise other investment promotion events, including local networking receptions for companies, consulates and chambers of commerce from the target markets.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)106

(Question Serial No. 0422)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

In view of the ever-rising cost of doing business in Hong Kong, and the fact that the Government only put forward 1 measure to help small and medium enterprises (SMEs) tide over their liquidity needs in the Budget in 2017-18, will the Bureau allocate additional financial resources for reviewing the existing funding and loan schemes for SMEs in order to provide SMEs with further appropriate support? If yes, what is the estimated expenditure? If not, what are the reasons?

Asked by: Hon LIAO Cheung-kong, Martin (Member Question No. 22)

Reply:

The Government attaches great importance to the development of SMEs. We review the various support measures from time to time in response to the economic situation in order to provide adequate and timely support to SMEs.

The existing measures and new initiatives implemented by the Commerce, Industry and Tourism Branch to support SMEs in 2016-17 and 2017-18 and their relevant expenditure are as follows:

- (1) The Hong Kong Mortgage Corporation Limited (HKMC) launched the special concessionary measures under its existing SME Financing Guarantee Scheme (SFGS) on 31 May 2012 to provide 80% loan guarantees at concessionary fee rates. The Government provides a total loan guarantee commitment of \$100 billion. The special concessionary measures are time-limited special measures. The original application period was 9 months, which was later extended four times to the end of February 2017. To further relieve the burden of borrowers, the Government has reduced the annual guarantee fee rate for the measures by ten per cent and removed the minimum guarantee fee rate for the measures starting from 1 June 2016. As at the end of February 2017,

the HKMC has received over 13 000 applications and approved over 11 500 of them, involving a total loan amount of about \$46.1 billion and a total guarantee amount of about \$36.9 billion.

To continue to assist enterprises in obtaining loans in the commercial lending market, the Government has further extended the application period of the special concessionary measures to the end of February 2018, as announced in the 2017-18 Budget.

- (2) The three existing SME funding schemes under the Trade and Industry Department, namely the SME Loan Guarantee Scheme (SGS), the SME Export Marketing Fund (EMF) and the SME Development Fund (SDF), assist SMEs in obtaining finance, exploring markets and enhancing the overall competitiveness. The Government has injected \$1.5 billion into the SME Export Marketing and Development Funds, and implemented enhancement measures in the third quarter of 2015, including increasing the maximum amount of funding support for each project under the SDF from \$2 million to \$5 million and expanding the scope of the EMF, to strengthen the support for SMEs.

Provision for the SME funding schemes is under Programme (3) Support for Small and Medium Enterprises and Industries of Head 181 Trade and Industry Department. In 2016, a total of around \$970 million loan guarantees were issued under the SGS, and grants of around \$158 million and \$28.6 million were approved under the EMF and the SDF respectively. In 2017, it is estimated that a total of around \$970 million loan guarantees would be issued under the SGS, and grants of around \$158 million and \$28.6 million would be approved under the EMF and the SDF respectively.

- (3) On the intellectual property (IP) front, following the recommendations of the Working Group on IP Trading, the Government has already set aside provisions and would continue to work with the IP sector to implement a series of initiatives, including the provision of free consultation services to raise the IP awareness of SMEs and help them properly protect, manage and make good use of IP with a view to driving business growth. The Intellectual Property Department would continue to promote the IP Manager Scheme and sponsor training courses on IP related subjects conducted by professional bodies, which seeks to support SMEs in building up their manpower capacity on IP management and commercialisation.
- (4) The \$1 billion Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) was launched on 25 June 2012 to provide funding support to Hong Kong enterprises and non-profit-distributing organisations to assist enterprises in enhancing their competitiveness and furthering their business development in the Mainland. Up to end February 2017, 806 and 59 applications have been approved under the Enterprise Support Programme and the Organisation Support Programme of the BUD Fund respectively. The total amount of funding approved is about \$287 million for ESP and \$194 million for OSP. The estimated expenditure for the provision of the BUD Fund in 2017-18 under Programme (3) Support for Small and Medium Enterprises and Industries of Head 181 Trade and Industry Department is \$111 million.

The Government also announced in the 2017-18 Budget that the application period of the BUD Fund will be extended for five years to continue to assist Hong Kong enterprises in furthering their business development in the Mainland.

- (5) The Retail Technology Adoption Assistance Scheme for Manpower Demand Management was launched in December 2014 to support the retail industry (in particular SMEs) to adopt technologies for enhancing their productivity. As of early March 2017, 426 applications were received. Of the 274 valid applications (i.e. those with all requisite information available), 238 applications (or 87%) were approved, including 227 applicants from SMEs. The total amount of funding approved was around \$8.86 million.
- (6) The Hong Kong Export Credit Insurance Corporation (ECIC) has launched a "Small Business Policy" scheme for Hong Kong enterprises with an annual business turnover of less than \$50 million since 1 March 2013, providing exporters with more flexibility in taking out insurance cover. This measure is implemented within ECIC's overall budget, and does not involve additional government resources. The Government also proposed in the 2017-18 Budget to strengthen the underwriting capacity of ECIC by raising the cap on the contingent liability of ECIC under contracts of insurance from \$40 billion to \$55 billion so that it can continue to provide export credit insurance covers to Hong Kong exporters. The proposal should not involve actual Government expenditure until ECIC has exhausted all its capital and reserves which stood at \$2,141 million as at 31 March 2016.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)107

(Question Serial No. 0424)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The 2017-18 estimated provision for commerce and industry is \$738 million, representing a 2.4-fold increase over the 2016-17 original estimate. In what areas of work will the increased provision be used? What are the respective estimated expenditure and details of these areas of work?

Asked by: Hon LIAO Cheung-kong, Martin (Member Question No. 21)

Reply:

CITB and the Belt and Road Office's consolidated replies are as follows:

The higher estimated expenditure under Programme (2) for 2017-18 against the revised estimate for 2016-17 is mainly due to-

- The increase in cash flow requirement for the Special Concessionary Measures under the SME Financing Guarantee Scheme, which accounts for \$412 million. Under the special concessionary measures of the SME Financing Guarantee Scheme, the Government is required to pay sufficient amount of funds to the Hong Kong Mortgage Corporation Limited in meeting the requirements of payments for default compensations and the necessary out-of-pocket expenses. The estimated cash flow requirements under the measures may fluctuate every year.
- The increase in cash flow requirement for the Measures for Manpower Development of Retail Industry, which accounts for \$3.55 million.

- The beginning of cash flow requirement for the Professional Services Advancement Support Scheme (PASS), which accounts for \$40 million. PASS was launched in November 2016. The first batch of funded projects is expected to roll out in mid-2017.
- The inclusion of the estimated overall expenditure of the Belt and Road Office (BRO), which accounts for \$35.038 million. This is mainly for beefing up the office's establishment and resources to ensure that the office can take forward the work under the Belt and Road Initiative more effectively and on a long-term basis.
- The estimated increase of \$5 million for the subscription to the WTO and increase in the departmental expenses.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)108

(Question Serial No. 0436)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (7) Subvention : Hong Kong Tourism Board

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

One of the matters requiring the special attention of Hong Kong Tourism Board in 2017-18 is to reinforce Hong Kong's position as a leading cruise hub in the region. Given the estimated financial provision for travel and tourism this year is only 5% higher than the revised provision for last year, will the Government allocate additional financial resources for the terminal building, berths and ancillary facilities of the Cruise Terminal? What is the estimated expenditure involved? Please provide a breakdown of specific expenditure items and the manpower involved.

Asked by: Hon LIAO Cheung-kong, Martin (Member Question No. 28)

Reply:

The Government has all along been very committed to the development of cruise tourism in Hong Kong. As far as infrastructural facilities are concerned, the Kai Tak Cruise Terminal has already commissioned in mid-2013, and is operated by a terminal operator on commercial basis. Together with the privately-owned Ocean Terminal as well as other berthing facilities, Hong Kong is well equipped with the necessary infrastructure and supporting facilities for accommodating different types of international cruise ships.

Apart from infrastructural facilities, the development of cruise tourism has to be complemented by suitable publicity and promotional efforts. The Hong Kong Tourism Board ("HKTB") has been actively promoting cruise tourism. Its major initiatives in 2017-18 for promoting cruise tourism include –

(i) Strengthen Hong Kong's image as Asia's cruise hub

Continue to participate in large-scale international industry events to promote the appeal and advantages of Hong Kong as a cruise destination and to reinforce Hong Kong's position as a cruise hub in the region.

(ii) Encourage cruise companies to include Hong Kong in their cruise itineraries

Continue to leverage on the "Asia Cruise Cooperation" ("ACC") to cooperate with the neighbouring ports, so as to encourage cruise lines to include Hong Kong and other ACC ports in their cruise itineraries. The ACC ports will also organise joint promotions to induce more consumers to choose cruise travel products that cover the ACC ports, in particular Hong Kong.

(iii) Raise consumers' awareness of and demand for cruise travel

Launch publicity campaigns to promote the appeal of cruise holidays through digital and social media as well as public relations activities, targeting at consumers of various markets with a view to raising their interests in and demand for cruise tourism. In the long run, the initiatives will also help enhance the potential of Hong Kong as a source market for cruise tourism.

Moreover, the Government will allocate an additional provision of \$16 million for the HKTB in 2017-18 to continue implementing the "fly-cruise" programme, to support the industry in developing shore excursion products and to further cultivate the source markets in collaboration with cruise lines. Taking into account the additional provision for the HKTB as mentioned above, the HKTB's total budget for promoting cruise tourism in 2017-18 is around \$31.5 million.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)109

(Question Serial No. 0437)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (3) Subvention: Hong Kong Trade Development Council

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Under Matters Requiring Special Attention in 2017-18, it is stated that the Hong Kong Trade Development Council will deepen penetration into ASEAN markets by leveraging the Belt and Road Initiative, target regional markets along the Belt and Road and help Hong Kong companies penetrate the service and consumer markets. As such, what is the total expenditure on this area of work over the past 3 years? What is the overall effectiveness? How much provisions will be made for the above work in the coming 3 years? Also please tabulate the expenditure involved in enhancing publicity and promotional activities next year by region along the Belt and Road.

Asked by: Hon LIAO Cheung-kong, Martin (Member Question No. 27)

Reply:

In the past few years, the Hong Kong Trade Development Council (TDC) has been proactively helping Hong Kong companies deepen their penetration into the markets in such Belt and Road countries as the ASEAN and India. TDC organised a variety of activities, such as trade fairs, business missions, product displays and incoming buying missions to help Hong Kong companies tap opportunities and expand networks in these countries.

Among them, the signature campaign *In Style • Hong Kong* was held in October 2016 in Bangkok, Thailand to promote Hong Kong brands and Hong Kong as a lifestyle trendsetter, while the concurrent symposium promoted Hong Kong's advantage as a business platform. These events attracted over 60 000 participants.

TDC commences a new three-year planning cycle in 2017-18. One of the focuses is to help Hong Kong SMEs tap business opportunities in the markets along the Belt and Road. Key initiatives include:

- Organise *In Style • Hong Kong* in Kuala Lumpur, Malaysia;
- Organise business-to-consumer lifestyle promotions in Bangkok, in cooperation with local retail outlets carrying Hong Kong brands and local Hong Kong-style restaurants, to sustain the momentum from the *In Style • Hong Kong* promotions last year;
- Collaborate with popular local e-tailing partners in ASEAN to feature Hong Kong products;
- Organise business mission to Manila, the Philippines;
- Set up a Hong Kong Pavilion at the 15th China Products (Mumbai, India) Exhibition to promote lifestyle products;
- Organise *Lifestyle Expo* in Dubai, the United Arab Emirates;
- Organise a business mission to Central and Eastern Europe to study manufacturing relocation and investment opportunities; and
- Strengthen business matching services for buyers from Kazakhstan, Poland and Turkey visiting TDC's trade fairs.

The above are part of the work covered under Programme (3) to be carried out by TDC's existing staff. We do not have breakdown of staff establishment and expenditure for individual items.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)110****(Question Serial No. 0438)**

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (3) Subvention: Hong Kong Trade Development Council

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Hong Kong Trade Development Council has all along been emphasizing the enhancement of the competitiveness of Hong Kong small and medium enterprises (SMEs) and start-ups in the digital era by assisting Hong Kong SMEs and start-ups to capture business opportunities arising from the e-tailing trend, helping SMEs identify alternative production bases, and strengthening engagement with the general public and major stakeholders leveraging social media. However, this area of work is not mentioned in the Budget. In this connection, will the Government provide the specific details and related measures in this respect for the coming 3 years? In addition, please provide information on details of the estimated provisions, staff establishment, and the anticipated outcome for the coming 3 years.

Asked by: Hon LIAO Cheung-kong, Martin (Member Question No. 26)

Reply:

The Hong Kong Trade Development Council (TDC) commences a new three-year planning cycle in 2017-18. One of the objectives is to help Hong Kong companies explore opportunities in the face of a sluggish export market. In 2017-18, TDC will adopt new strategies to help Hong Kong exporters seize new opportunities arising from e-tailing and e-commerce. Key initiatives include:

- Organise e-tailing conference concurrent with *SmartBiz Expo*, focusing on new trends in e-commerce;
- Introduce a business matching programme tailored for renowned e-tailers riding on their visits to TDC's trade fairs;
- Set up new Online-to-Offline (O2O) *Design Gallery* outlets in selected Mainland cities;

- Set up an *Online Design Gallery* WeChat Store;
- Launch thematic and infotainment-related promotional campaigns on WeChat and other social media platforms;
- Transform *HKTDC Marketplace* app into a mobile integrated sourcing platform for buyers through personalisation and expanded features; and
- Extend the penetration of *hktdc.com Small Orders* on the Mainland by developing a Chinese transactional platform.

The above are part of the work covered under Programme (3) to be carried out by TDC's existing staff. We do not have breakdown of staff establishment and expenditure for individual items.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)111

(Question Serial No. 0925)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

On spearheading and monitoring the implementation of the pilot scheme on food trucks,

1. what are the resources and staff establishment expected to be provided in 2017-18?
2. will the Government consider relaxing the application procedures for food trucks so that it will be also affordable to the operators of start-ups and small businesses? If yes, what are the details? If no, what are the reasons?
3. will the Government consider enhancing the scheme in light of some operators' views on excessive and rigid regulations as well as insufficient surrounding auxiliary facilities? If yes, please advise on the details.
4. what are the expenditure incurred in launching the mobile application "HK Food Truck" and the number of downloads so far?
5. when will the scheme be reviewed?

Asked by: Hon LO Wai-kwok (Member Question No. 14)

Reply:

1. The Government has set up a Food Truck Office under the Tourism Commission (TC) to coordinate the implementation of the Food Truck Pilot Scheme (the Scheme) and provide one-stop services to food truck operators. The Food Truck Office is composed of one Chief Executive Officer, one Senior Executive Officer, one Assistant Manager employed on non-civil servant contract, one Superintendent of Environmental Health, one Senior Health Inspector, one Health Inspector I and

one Assistant Clerical Officer. The Government has earmarked a total of \$31.71 million from 2016-17 to 2018-19 for launching the Scheme.

2. When TC devised the Scheme, application mechanism for start-up individuals / enterprises was introduced. Start-up micro-enterprises were given extra weighting during stage one of the selection process (i.e. assessment of the food truck proposals of the applicants). Almost half of the selected applicants are start-up micro-enterprises. If these selected applicants require financial assistance, they can apply the existing Microfinance Scheme under the Hong Kong Mortgage Corporation Limited (HKMC) according to the agreement made between TC and HKMC. HKMC will also provide mentoring services and entrepreneurial training courses to the applicants.
- 3 & 5. The Scheme is positioned as a tourism project. Under the framework of the Scheme, food trucks shall operate at the designated attractions. In fact, there are many restaurants in Hong Kong and their burdens of rental fees are not light. In identifying the location of food truck pitch, TC has taken into consideration the need of avoiding direct competition with the existing restaurants. Furthermore, the streets in Hong Kong are generally narrow and the truck occupies a sizable area on the road. It will cause obstruction if food trucks are allowed to be stationed anywhere. TC has also taken into account various factors including the availability of venue management for the locations, enough room for accommodating food trucks and queuing up by customers, adequate patronage, accessibility, etc. and struck a balance of all considerations in identifying the eight operating locations.

The framework of the Scheme has provided sufficient flexibility for the operation of food trucks. Food trucks are allowed to adjust their operating hours according to their need after negotiation with venue management. Food truck operators can also devise other food dishes besides the mandatory signature dish (the dish presented at the Cook-off Challenge) at different operating locations. Food truck operators are also allowed to formulate their own promotional strategies without restrictions. Notwithstanding this, operators have to comply with the licensing requirements of Food Factory Licence (FFL) issued under the Food Business Regulation (Cap 132X) and ensure their fulfillment of the high standard of food safety and environmental hygiene in Hong Kong. Food truck operation follows commercial principles. Similar to the practice of paying rental fee for running a typical restaurant, food truck operators also have to pay service charge. At present, operators are only required to pay a service charge ranging between \$302 - \$723 per day which already includes parking fee, electricity and cleansing services, etc. Some operators have expressed satisfaction to TC on the current supporting services and arrangement of the Scheme.

According to TC's observation on the operation of food trucks, business may be different for different operators operating at the same location, which hinges very much on the business strategies of the operator and the attractiveness of the food sold. For instance, the daily average number of customers for different food trucks at Central Harbourfront Event Space and Ocean Park can vary to a large extent and the figure of one truck can be even more than one to two times than that of the

others. TC understands that there was operator earning more than HK\$13,000 average revenue per day in the first month and operator earning more than HK\$30,000 of average daily revenue in the second trading period, which is comparable to that of the typical restaurants.

In fact, food truck is a business venture similar to running a typical restaurant. While the operating location and its pedestrian flow will definitely affect the sales revenue, whether the food truck operators could make profit depends on whether the operators have implemented proactive operating strategies, such as cost control, labour deployment, whether prices of the food are reasonable and appealing to customers, whether social media platforms or other channels are utilized for promotion, etc. The Government will continue to keep in view the situation of particular operating locations and conduct review from time to time, and maintain flexibility for enhancement, such as considering other operating locations if they meet the positioning and requirements of the Scheme.

4. TC has employed a service provider for developing and managing mobile application “HK Food Truck” in accordance with the procedures of Government’s Stores and Procurement Regulations. The total cost involved is \$160,000. The mobile application was launched on 2.2.2017. As of 28.2.2017, the total number of downloads of the mobile application is 22 859.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)112

(Question Serial No. 1508)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (700) General non-recurrent

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The \$200 million Professional Services Advancement Support Scheme (PASS) launched by the current-term Government to facilitate the industry's participation in the Belt and Road Initiative started inviting applications last November. In this regard, please advise:

1. Whether the Government has conducted any preliminary assessment to find out if the applications made under PASS have met its expectation, and whether the Government has formulated any plan to step up its promotion efforts to encourage the industry to apply for funding. If yes, what are the details? If no, what are the reasons?

2. As PASS is mainly for non-profit-making exchanges and co-operations as well as relevant publicity activities, does the Government have any plan to provide more administrative and financial support to local professional services organisations and enterprises for their participation in projects relating to the Belt and Road Initiative? If yes, what are the details? If no, what are the reasons?

Asked by: Hon LO Wai-kwok (Member Question No. 37)

Reply:

(1) The Professional Services Advancement Support Scheme (PASS) was launched in November 2016 to support Hong Kong's professional services sector to carry out worthwhile projects to spearhead pro-active outreaching promotion efforts and to improve service offerings. 37 applications were received from organisations of a wide range of professional services by the first round application deadline of 28 February 2017, with diverse proposals for outreaching and promotion activities as well as capacity-building programmes. The Secretariat is carefully examining the applications for the Vetting Committee's consideration in April. The first batch of funded projects is expected to roll out in mid 2017. PASS continues to receive applications year round on a quarterly basis. The submission deadline of the second round is 31 May 2017. We will closely monitor the future application trend, make reference to the Vetting Committee's comments, strengthen the promotion of PASS continuously through different means (such as briefings) and monitor the funded projects. We plan to review the cost-effectiveness, funding principles and modus operandi of PASS two years after its commencement.

(2) The Government has been enhancing the connection between Hong Kong's professional services sector and different external markets, so as to assist the sector in exploring new business opportunities. Bureaux and departments will provide support to the relevant professional services having regard to actual circumstances.

For example, for the construction industry, there has been good progress in the mutual recognition of professional qualifications with the Mainland through the Government's implementation of the Mainland and Hong Kong Closer Economic Partnership Agreement (CEPA), introduction of Hong Kong's one stop service model for infrastructure project management in the Qianhai Free Trade Zones (FTZs), as well as encouraging management of Mainland's Foreign Aid Construction Projects by Hong Kong professionals. We will continue such efforts, particularly to promote adoption of the one stop service model in other FTZs. As regards the legal and dispute resolution professions, the Government has been actively promoting in collaboration with the stakeholders (through overseas promotional trips and events) the attributes of Hong Kong's international legal and dispute resolution services in the context of the Belt and Road Initiative, both on the Mainland as well as in emerging economies in the Asia-Pacific region. Efforts are made to reinforce Hong Kong's status as an ideal neutral venue providing efficient and reliable dispute resolution services for commercial and investment disputes involving Mainland parties and other economies along the Belt and Road through co-operation with relevant international organisations.

Government bureaux and departments will continue to strengthen the ties between Hong Kong's professional services and their counterparts in different external markets, so as to pave way for participation in projects relating to the Belt and Road.

– End –

CONTROLLING OFFICER'S REPLY

CEDB(CIT)113

(Question Serial No. 1551)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Government has mentioned that it would closely monitor our long-term demand for additional convention and exhibition venues and facilities. In this year's Policy Address, it is mentioned that the Wan Chai Sports Ground site will be used for comprehensive development in 2019 at the earliest to provide new convention and exhibition venues as well as recreation and sports facilities. In this connection, please advise this Committee:

1. Whether the Government has conducted any detailed assessment of the number of additional convention and exhibition venues to be provided on the Wan Chai Sports Ground site to meet the future demand. If yes, what are the details? If no, what are the reasons?
2. Whether the Government has studied the possibility of providing more convention and exhibition venues in other areas (such as Kai Tak and Kowloon Bay) in addition to the Wan Chai Sports Ground. If yes, what are the details? If no, what are the reasons?

Asked by: Hon LO Wai-kwok (Member Question No. 40)

Reply:

The Home Affairs Bureau plans to build and improve a number of sports and recreation facilities in the coming five years. In view of such plan, the Government considers that the feasibility of comprehensive development at the Wan Chai Sports Ground (WCSG) site can be examined. The Chief Executive therefore proposed in this year's Policy Address the comprehensive development of WCSG to provide convention and exhibition (C&E), sports, recreation and other community facilities, with a view to optimising land use. The Government has invited the Hong Kong Trade Development Council (TDC) to conduct the feasibility study. The scale of the comprehensive development as well as the uses, floor

areas and ratio of various facilities (i.e. C&E, sports, recreation and other community facilities) can only be estimated after TDC has completed the feasibility study.

To maintain the competitiveness of the C&E industry, the Government has all along been exploring different options to increase the floor area of C&E venues, including:

- (a) the Government will construct a convention centre above the Exhibition Station of the Shatin-to-Central Link upon the latter's completion in around 2020. At the Government's invitation, the TDC is carrying out the design work;
- (b) Land has been reserved for the expansion of the AsiaWorld-Expo (AWE) on the Airport Island. The Government will continue to examine the AWE expansion plan with the Board of Directors of AWE; and
- (c) West Kowloon Cultural District (WKCD) Authority is considering the idea of developing a medium-sized multi-purpose venue for exhibition, convention and performance purposes in the western part of the WKCD through private sector investment.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)114

(Question Serial No. 2615)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Government expressed that it would continue to work with the industry to enhance the appeal of Hong Kong as an international convention, exhibition and tourism capital. It is also mentioned in this year's Policy Address that the SKYCITY development project of the Airport Authority Hong Kong (AA) will become a dedicated area for retail, dining and entertainment. In this regard, please inform this Committee whether the Government has, in collaboration with AA, conducted a preliminary evaluation on the economic benefits of this project, and formulated strategies to support the development of Lantau and to capitalise on the opportunities for a bridgehead economy brought about by the completion of the Hong Kong-Macao-Zhuhai Bridge. If yes, what are the details? If no, what are the reasons?

Asked by: Hon LO Wai-kwok (Member Question No. 38)

Reply:

The Airport Authority Hong Kong (AA)'s SKYCITY development is of strategic importance to the Hong Kong International Airport (HKIA), as well as the economic and social development of Lantau and Hong Kong. It will generate investment, business and employment opportunities for Hong Kong, enhance the attractiveness and competitiveness of the HKIA as a global aviation hub and promote the further development of tourism. According to the AA's plan, SKYCITY will be developed into a purpose-built retail, dining and entertainment (RDE) destination in the area. The SKYCITY will enrich travellers' experience and become a unique tourism attraction. The SKYCITY is a long-term and phased development. The first phase includes a hotel and RDE facilities.

In taking forward the SKYCITY development, the AA will focus on enhancing the overall commercial value of the project and economic benefits brought about to the airport and its surrounding areas. The AA will take into account the planning of the Three-runway System and other developments on Lantau, with a view to maximising the economic

benefits of the SKYCITY. On the other hand, the Government is undertaking the planning studies in respect of the Lantau development, including the study on developing the North Lantau for leisure and tourism uses. This study will also take into account the coordination of various tourism facilities on Lantau. The Government will release the blueprint for Lantau's development in the first half of this year.

On MICE tourism promotion, the Meetings and Exhibitions Hong Kong office under the Hong Kong Tourism Board (HKTb) has been working closely with overseas and local trade partners as well as the stakeholders of Lantau to promote MICE venues, supporting facilities and the appeal of Lantau to MICE event organisers.

After the completion of the AA's SKYCITY project, the HKTb plans to discuss with AA and other relevant departments to explore how to cooperate on promotion front.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)115

(Question Serial No. 1885)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is mentioned in paragraph 111 of the Budget Speech that the Government will “provide funding support for the training of members of the tourism industry through the Travel Industry Council of Hong Kong to enhance service quality of the industry”. It is also mentioned in “Matters Requiring Special Attention in 2017-18” under Programme (6) of Head 152 that the Commerce, Industry and Tourism Branch will monitor the implementation of the funding scheme by the Travel Industry Council (TIC) on training for enhancing the service quality of tourism industry members. In this connection, will the Government advise this Committee on:

- (a) the estimated expenditures of these measures;
- (b) the specific measures of these plans to enhance the service quality of tourism industry members and their knowledge of new tour products in Hong Kong; and
- (c) whether the funding scheme by TIC on training will provide support for the training courses organised by the relevant staff associations and the renewals of Tour Guide Passes/Tour Escort Passes? If yes, what are the details; if not, what are the reasons?

Asked by: Hon LUK Chung-hung (Member Question No.2)

Reply:

- (a) - (c) The Government will allocate a provision of \$5 million in 2017-18 to subsidise, through the Travel Industry Council of Hong Kong (TIC), the training of tourism industry members (including staff of travel agents, tourist guides and tour escorts) for enhancing the service quality of the industry. As the agent for

implementing the scheme, the TIC will formulate the details and scope of the scheme having regard to the needs of the industry development. We will start the preparatory work with the TIC, including drawing up the details of the funding and application.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)116

(Question Serial No. 1890)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (7) Subvention : Hong Kong Tourism Board

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is mentioned in the Budget Speech that the Government will “promote further the diversification of tourism products by inviting the Hong Kong Tourism Board (HKTb) to provide funding support to activity organisers and the tourism sector for the launch of tourism projects with local characteristics and green tourism products respectively, with a view to encouraging the development of a greater variety of tourism products to attract more visitors to Hong Kong”. In this connection, will the Government inform this Committee of:

- (a) the estimated expenditures of these plans; and
- (b) the specific measures of these plans to encourage the development of more tourism projects with local characteristics and green tourism products, and to promote the above products to tourists effectively?

Asked by: Hon LUK Chung-hung (Member Question No. 1)

Reply:

- (a) In 2017-18, the Government will provide an additional funding of \$12 million and \$5 million for the Hong Kong Tourism Board (HKTb) to launch pilot schemes to support tourism activities showcasing Hong Kong's local characteristics and to promote in-depth green tourism respectively.
- (b) The pilot scheme to support tourism activities showcasing Hong Kong's local characteristics aims to provide funding support, including promotion-related expenses, to organisers for hosting activities with tourism appeal to showcase Hong Kong's local characteristics. As for the pilot scheme for promoting in-depth green tourism, the

Government will provide subsidy to the travel trade for introducing and operating in-depth green tourism products, thus bringing more choices for tourists.

The Tourism Commission, in collaboration with the HKTB, will work out the funding criteria and guidelines for the two pilot schemes and will announce the details in due course.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)117

(Question Serial No. 1894)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is stated in the brief description under this Programme that the Government “worked with the Hong Kong Tourism Board, the tourism sector and relevant government departments to promote the green tourism products on offer in Hong Kong”. In this connection, will the Government advise this Committee on:

- (a) the specific measures currently adopted to promote the green tourism and nature-based tourism products;
- (b) whether provision will be earmarked for measures to improve the traffic support and facilities for green tourism attractions; and
- (c) the Government’s plans and estimates involved for promoting the above products in 2017-18?

Asked by: Hon LUK Chung-hung (Member Question No. 5)

Reply:

- (a) The Tourism Commission (TC), in collaboration with the Agriculture, Fisheries and Conservation Department, the Hong Kong Tourism Board (HKTB), the travel trade and event organisers, has been actively promoting Hong Kong’s nature-based green tourism products and natural scenery through the HKTB’s “Great Outdoors Hong Kong” platform, covering the Hong Kong UNESCO Global Geopark, hiking trails and itineraries featuring outlying islands, as well as the guided tours and green tourism products organised by the travel trade and other organisations. The HKTB has also been promoting the city’s natural landscape to visitors, international media and overseas trade partners through various channels such as digital media, marketing promotions, public relations, visitor centres, hotlines and trade activities.

In 2016-17, the HKTb has organised over 50 guided tours and produced around 120,000 hiking guidebooks to recommend nine hiking trails and cycling routes, and suggest the best photography locations to visitors during the “Great Outdoors Hong Kong” promotion period. In 2017-18, the HKTb will continue to leverage on the “Great Outdoors Hong Kong” platform to introduce Hong Kong’s countryside and natural scenery to visitors and showcase the city’s diverse travel experiences through hiking guidebooks and overseas promotions.

- (b) As for the ancillary facilities at green tourism spots, the Development Bureau is implementing a “Pier Improvement Programme (PIP)” to upgrade the structural and facility standards of a number of existing public piers at remote rural areas in phases with a view to addressing public requests and enhancing accessibility of some remote heritage and natural scenic attractions. The first phase of the PIP, involving about 10 public piers, will mainly focus on Sai Kung, Tai Po and North Districts well as Lantau and outlying islands. The PIP can help improve the supporting facilities of the remote rural areas concerned, thereby promoting in-depth green tourism as well as cultural and heritage tourism. In addition, the TC maintains liaison with the tourism sector and operators of tourist attractions, and listens to their views on the general ancillary facilities in green attractions. The TC will also co-ordinate with relevant departments to make adjustments and improvements as appropriate (e.g. the installation of visitor signage at tourist spots).
- (c) The HKTb’s total marketing budget in 2017-18 is estimated to be \$398.11 million (excluding the additional funding as stated in the Budget), which has covered part of the expenditure for green tourism promotion. In addition, the Government will provide an additional funding of \$5 million to the HKTb for a pilot scheme to promote in-depth green tourism. The Government will provide subsidy to the travel trade for introducing and operating in-depth green tourism products, thus bringing more choices for tourists. The Government will also provide an additional funding of \$2 million to the HKTb for further enhancing the promotion of “Great Outdoors Hong Kong”. The funding will be deployed for producing hiking guidebooks and overseas promotion.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)118

(Question Serial No. 1915)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (9) Subvention: Competition Commission

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Regarding the part on the Competition Commission under this Programme, will the Government advise this Committee of the following:

- (a) with respect to the Commission's function to "conduct market studies into matters affecting competition in markets in Hong Kong", what studies have been completed; what measures are to be taken by the Government to follow up the findings of these studies;
- (b) as it is mentioned under this Programme that the Commission will "continue to conduct market studies", what topics are currently covered in the studies and what their progress is;
- (c) the publicity work to be carried out in 2017-18 to promote public understanding of and compliance with the Competition Ordinance; and
- (d) the manpower and expenditure involved in the above market studies and publicity work?

Asked by: Hon LUK Chung-hung (Member Question No. 13)

Reply:

- (a) In May 2016, the Competition Commission ("Commission") released a market study report outlining the results of its study into certain aspects of the residential building renovation and maintenance market. The results of the study were consistent with the widely-held belief that bid-manipulation practices occurred in such market in recent years. These results provided reference for the Commission's enforcement and advocacy work.

To cultivate the best practices in undertaking building repair and maintenance projects and help crowd out the opportunity for bid-rigging syndicates to interfere with the building repair and maintenance markets, the Urban Renewal Authority launched the “Smart Tender” Building Rehabilitation Facilitation Services scheme in May 2016 to strengthen technical assistance and professional advice to property owners for carrying out building repair and maintenance works. The Development Bureau has included a funding commitment of \$300 million in 2017-18 to allow property owners to participate in Smart Tender at a concessionary rate, so as to encourage more property owners to take up Smart Tender.

Moreover, the Police are concerned about illegal acts that may arise from building maintenance works, and will mount intelligence-led enforcement operations to stop infiltration by triads or criminal syndicates in building maintenance works through unlawful means in order to make profits. The Police, through their “RenoSafe Scheme”, also educate the public to be aware of unlawful means which influence the tendering and implementation of maintenance works. The Police will distribute information packages, posters and banners to step up the promotion of related messages.

The Commission has also launched a large scale “Fighting Bid-rigging Cartels” advocacy campaign targeting the public and businesses to raise their awareness of bid-rigging. It will also continue to work closely with relevant public bodies and law enforcement agencies to ensure a coordinated and effective approach to tackling bid-rigging.

- (b) In view of public concern regarding auto-fuel prices in Hong Kong, the Commission is conducting a market study in this regard. The study aims to better understand the auto-fuel market, including the competition conditions and prices. The Commission is finalising the study and the results would be released as soon as practicable.
- (c) In 2017-18, the Commission will continue its drive to increase public and business awareness of the Competition Ordinance and encourage compliance through outreach and engagement events in various formats, including briefings/meetings with different trades and industries as well as seminars and workshops targeting both businesses and the public. The Commission will also undertake targeted campaigns with special focuses including youth programmes, new videos and publications to reinforce the key concepts of the law and help the public and businesses recognise potential competition issues.
- (d) The Commission’s budget for 2017-18 includes about \$6.9 million for publicity and public education activities. It does not include staff cost and other general expenses which cannot be separately quantified. The Commission conducts market studies directly by its in-house staff and the expenditure involved cannot be separately quantified.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)119

(Question Serial No. 1956)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (7) Subvention : Hong Kong Tourism Board

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is mentioned under Matters Requiring Special Attention in 2017-18 of the Programme that the Hong Kong Tourism Board (HKTb) would encourage the local trade to develop new tour products through the New Tour Product Development Scheme. In this connection, will the Government inform this Committee of the following:-

- (a) the specific number of tour products subsidized by the Scheme in 2016-17 as well as their themes, contents and the number of visitors making use of them (with a breakdown by products);
- (b) the respective percentages of the total amount of subsidy allocated for each of the tour product themes as categorised by HKTb; and
- (c) the specific plans of the HKTb for promoting tour products under the New Tour Product Development Scheme through the official platforms in local and major source markets as well as the overall budget for these plans in 2017-18?

Asked by: Hon LUK Chung-hung (Member Question No. 6)

Reply:

(a) and (b)

In order to provide more tourism offerings to tourists, the Hong Kong Tourism Board (HKTb) launched the "New Tour Product Development Scheme" (NTPDS) in 2012-13, which aims at encouraging local travel trade to develop new and creative tour products through subsidising part of the costs for marketing the tours.

Under the Scheme, the travel trade will submit plan on promoting the new tour products. After evaluation by an assessment panel, the successful applicants will receive dollar-for-dollar subsidies of not more than \$500,000 from the HKTb, for one to three years for marketing the approved products.

Upon implementation of the scheme up to late 2016, the scheme had subsidised 33 tour products, 11 of which received subsidies in 2016-17. The themes and details of the products are listed below:

Theme	Name of Product	Details
Multi-destination	6 Days Exploring Hong Kong & Shenzhen Educational Tour	This 6-day, 5-night tour heads to Hong Kong and Shenzhen, allowing students to explore traditional sightseeing spots, connect with local communities, and experience the history and cultural development of the cities.
Local living culture	A Glimpse of Traditional Central	This four-hour interactive journey takes visitors through the city's history of Western and Chinese medication, diet and religion.
	Cultural Playground	Following routes recommended by popular bloggers, this tour showcases the many facets of the Yau Ma Tei area. The itineraries include visiting the Cantonese opera theatre - Yau Ma Tei Theatre, Chinese wedding gown stores and traditional kitchenware shops.
	Family Treasure	This two-day tour takes visitors to visit the Earth at Noah's Ark, discover Hong Kong's best-loved local cartoon and comic characters in Ani-Com Park, and join a cooking class to create new dishes.
	Hong Kong Movie Tour	This 2.5-hour tour walks through key filming locations of famous local movies and captures the heart-warming sense of community in Sheung Wan and Central.
	Stories of the Place	Visitors can get a glimpse of Hong Kong's past by exploring three unique attractions, including the Kowloon Walled City, Chi Lin Nunnery and Tang Dynasty-style Nan Lian Garden, and Tin Hau Temple.
	The Most of Hong Kong	Visitors can enjoy the city's stunning views from the highest angles, share stories of the city's most historical buildings, and experience the unique blend of Western and Chinese lifestyle in Hong Kong.
Local living culture / wine and dine	Food Culture and Longevity Diet Tour	Visitors will visit a food culture museum and meet Chinese medicine practitioners and learn the secrets of longevity through a good diet.

Theme	Name of Product	Details
Wine and dine / night tours	Beer Friend Hong Kong	The tour visits uniquely-themed bars and restaurants across the city to experience the colourful night life of Hong Kong.
Green tourism / heritage	Fisherfolk Life and the Great Outdoors	The tour walks through the Lamma Island to explore the beauty of nature and get an insider's look at local fishing village culture.
	Mt. Davis Military History Tour	This four-hour hiking tour explores historic Mount Davis and enjoys the stunning views of surrounding islands and the ocean.

In 2016-17, the 11 funded new tour products received a total amount of \$1.4 million. As the relevant tours are still under operation, the number of participants is not yet available.

(c)

The HKTb will make recommendations to the travel trade partners regarding the themes of the NTPDS. Nevertheless, the HKTb encourages trade partners to design new products leveraging the diverse tourism resources in Hong Kong and welcomes any other new themes suggested by travel trade partners.

The HKTb will continue to promote the latest tour products developed under the NTPDS through its DiscoverHongKong.com website, PartnerNet website, public relations initiatives, as well as trade co-op platforms such as trade familiarisation tours and trade shows, both locally and in visitor source markets. It will also partner with major online travel portals and online travel agents to conduct promotion and raise consumers' awareness of these tour products internationally so as to attract more visitors to join these tours.

In 2017-18, the expenditure on NTPDS is estimated to be \$1.4 million.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)120

(Question Serial No. 1964)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (7) Subvention : Hong Kong Tourism Board

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

In “Matters Requiring Special Attention in 2017–18” under this Programme, it is mentioned that the Hong Kong Tourism Board will “drive more high spending transient and overnight visitors by launching a pilot scheme to incentivise them to extend their stay in Hong Kong”. In this regard, will the Government inform this Committee of:

- (a) the specific details of the pilot scheme; and
- (b) the expenditure involved in the pilot scheme?

Asked by: Hon LUK Chung-hung (Member Question No. 7)

Reply:

(a) and (b)

In view of the large number of transit or transfer passengers passing through the Hong Kong International Airport each year, the Government has earmarked \$12 million in the 2017-18 Budget for the Hong Kong Tourism Board (HKTb) to launch the Hong Kong Stopover Programme. It aims at drawing more visitors to and increasing their spending in Hong Kong by rolling out attractive offers for transient and overnight visitors in collaboration with local airlines, attractions, hotels and other travel trade partners.

The HKTb's initial plan is to provide stopover visitors with tickets to the urban area and various attractions as well as special sightseeing offers in collaboration with the travel trade, in order to encourage stopover visitors to explore the city and enrich their travel experience, or even extend their stay and stimulate their spending.

The Government and the HKTb will work out the details with the travel trade and announce the concrete plan in due course.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)121

(Question Serial No. 1977)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is mentioned in the Brief Description of this Programme that in 2016-17, the Government “continued to support the Travel Industry Council of Hong Kong (TIC) in implementing measures for strengthening the regulation of the operation of the Mainland inbound tour groups and improving the regulation of tourist guides”. In this connection, will the Government advise this Committee of the following:

- (a) the respective numbers of the targets of regulation, i.e. local tour escorts (TEs) and tourist guides (TGs) holding a Pass and those holding both a TE Pass and a TG Pass at the same time, in the past year;
- (b) the number of cases in which a person was found to have taken on the additional job of TG without a valid TG Pass and, if any, the number of these cases involving non-Hong Kong residents, as well as the details of travel agents having been penalised for hiring those TGs in the past year;
- (c) measures, other than regulatory ones, taken by the Government to ensure that all TGs are TG Pass holders and their employee rights are sufficiently protected; and
- (d) whether the Government's efforts concerned include enhancement to manpower training and supply for the tourism sector and improvement to its employees' treatment to achieve better quality of human resources and hence higher standard of tourism services.

Asked by: Hon LUK Chung-hung (Member Question No. 8)

Reply:

- (a) The numbers of holders of valid Tour Escort (TE) Pass and Tourist Guide (TG) Pass issued by the Travel Industry Council of Hong Kong (TIC) and holders of both valid Passes concurrently in the past year (as at 31 December 2016) are as follows —

	<u>2016</u>
Number of valid TE Pass holders	18 798
Number of valid TG Pass holders	6 391
Number of holders having both valid TE Pass and TG Pass concurrently ^{Note}	2 981

Note : The figure includes only persons having both valid TE and TG Passes as at 7 March 2017.

- (b) In 2016, the TIC handled 6 cases in which a person was found to have taken on the job of TG without a valid TG Pass. The 6 travel agents concerned were found to have breached the regulations of the TIC, and were fined and given demerit points.
- (c) At present, the TIC requires by directive that all TGs assigned by travel agents to receive visitors to Hong Kong must have a valid TG Pass issued by the TIC. According to the “Demerit System for Mainland Tour Reception Services: Members” implemented by the TIC since 1 February 2011, travel agents which, on or after that date, assign TGs whose TG Passes have expired or were suspended, or TGs without TG Passes, to receive visitors to Hong Kong, will be fined and given demerit points.

The Government has been in full support of the trade regulatory work by the TIC. As regards the remuneration of frontline staff in the tourism industry, one of the 10 measures that the TIC has implemented since February 2011 for enhancing the receiving arrangement of Mainland inbound tour groups is that local travel agents receiving such tour groups are required to remunerate the tourist guides and sign agreements that stipulate the agreed remuneration with them. Regardless of whether the tourist guides concerned are their employees or self-employed persons, travel agents are required to comply with the requirement. This measure helps ensure that the tourist guides receive an expectable income and avoid purely relying on commission. To further strengthen the protection for tourist guides, another measure by the TIC is that local travel agents receiving Mainland inbound tour groups are prohibited from asking tourist guides to share or advance unreasonable payment for the reception cost.

- (d) At present, 2 institutions funded by the University Grants Committee (UGC), namely the Hong Kong Polytechnic University and the Chinese University of Hong Kong, offer publicly-funded undergraduate programmes in hotel and tourism management. The total intake places offered by these 2 UGC-funded institutions in 2017-18 academic year will be 273.

Apart from UGC-funded institutions, the Vocational Training Council, the Caritas Institute of Higher Education and many other self-financing post-secondary institutions are offering local and non-local programmes at different academic levels in related disciplines to support the development of hotel and tourism sectors in Hong Kong.

In addition, the Government will allocate a provision of \$5 million in 2017-18 to subsidise, through the TIC, the training of tourism industry members (including staff of travel agents, tourist guides and tour escorts) for enhancing the service quality of the industry. The TIC also holds recruitment days in collaboration with the trade and institutions, and organises training courses of various themes to match the manpower and training needs of the trade. The TIC will continue to promote the establishment of the Qualifications Framework for the travel agents sector with a view to enhancing the professionalism and image of travel agents and trade practitioners, and attracting and retaining talents as well as raising the service standard of travel agents in the long run.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)122

(Question Serial No. 1995)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (9) Subvention: Competition Commission

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Regarding the matters concerning the Competition Commission (the Commission) under this Programme, will the Government inform this Committee of the following:

- (a) What are the specific reasons for the Commission's financial provision for 2017-18 to be 1.0% lower than the revised estimate for 2016-17?
- (b) What are the staff establishment and the expenditure for the Commission's work to "investigate conduct that may contravene the competition rules and enforce the provisions of the Competition Ordinance"?
- (c) It is mentioned in the Programme that during 2017-18, the Commission will "escalate more cases to in-depth investigation with the aim to settling cases by issuing warning notice or commitment or bringing cases to the Competition Tribunal". Has the Government assessed in collaboration with the Commission the adequacy of the manpower for performing such duties? If yes, what are the details? If no, what are the reasons?

Asked by: Hon LUK Chung-hung (Member Question No. 12)

Reply:

- (a) In view of the arrangements to achieve efficiency gain, the subvention for the Competition Commission ("Commission") in 2017-18 will be slightly adjusted downwards by around 1%.

- (b) The Commission's staff establishment at the end of 2016-17 was 57. About half of them are expert staff directly involved in professional works relating to investigations. Conducting investigations is one of the regular duties of the Commission's staff. The manpower and expenditure involved cannot be quantified separately.
- (c) The Commission is a statutory body funded by Government subvention. The Commission submits income and expenditure estimates annually to the Government, and also keeps the Government informed of its plans for the coming years. We also have regular meetings with the executives of the Commission to obtain updates of the Commission's operational and resource needs. We will take into consideration the estimate and operational needs of the Commission when determining its subvention.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)123

(Question Serial No. 1996)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is mentioned under “Matters Requiring Special Attention in 2017-18” that the Government will “continue to work closely with the Travel Industry Council of Hong Kong (TIC) for regulating the operation of the Mainland inbound tour groups”. In this regard, will the Government inform this Committee of the following:

- (a) whether any licensed travel agents were punished or had their licence suspended due to irregularities in the operation of Mainland inbound tour groups over the past 5 years; if yes, the specific figures and the malpractice involved;
- (b) the measures taken to safeguard Mainland tourists against coerced shopping;
- (c) the measures taken to combat the malpractice of adopting “zero/negative/low tour fares” by unscrupulous members of the travel trade; and
- (d) the measures taken to enhance promotion to alert inbound tourists to the related unscrupulous practices and complaint channels; whether such measures will continue this year; and the estimates involved.

Asked by: Hon LUK Chung-hung (Member Question No. 10)

Reply:

- (a) In the past 5 years, in relation to Mainland inbound tour groups, the numbers of cases where travel agents were found contravening the rules by the TIC and their punishment are as follows –

	2012	2013	2014	2015	2016
Cases where travel agents were found contravening the rules	92	60	129	108	147
Cases where travel agents were punished for :					
Warning/Recorded on file	0	0	2	1	0
Fine	53	24	22	6	26
Fine and demerit	39	32	105	101	121
Termination of membership	0	4*	0	0	0

*involving the same travel agent

In addition, during the above period, the membership of 15 travel agents were suspended or terminated under the demerit system.

The non-compliance cases for travel agents mentioned above mainly involve not registering tour confirmation agreements for inbound tour groups according to the TIC's directive, not assigning the same tourist guide throughout the journey of a Mainland inbound tour group, not distributing itineraries to visitors or the distributed itineraries not conforming to the rule concerned, coerced shopping, as well as not signing a contract containing the required key points with the authorised travel agent in the Mainland.

- (b) – (d) All along, we attach importance to the protection of travellers' consumer rights. The TIC has regulations prohibiting travel agents, tourist guides and registered shops from directly or indirectly compelling travellers, or attempting to do so, in any way to make purchases. The TIC has stepped up inspections at registered shops to ensure that the shops, travel agents and tourist guides comply with the TIC's regulations concerned, with a view to safeguarding travellers' consumer rights and combating coerced shopping. In addition, the TIC has posted at its website advice for inbound travellers, including protection for inbound group visitors from the Mainland and tourist information about request for assistance and complaints. Moreover, the Tourism Commission and the TIC will distribute promotion leaflets at popular shopping destinations for Mainland inbound tour groups, so as to raise their awareness about shopping protection.

In response to the unfortunate incident involving the death of a tourist in Hong Kong in October 2015, the HKSAR Government announced in early November 2015 various measures to strengthen the regulation of Mainland inbound tour groups, including requiring travel agents to submit contracts to the TIC within two days after the TIC's issue of a contract submission notice, providing regularly to the Mainland tourism authorities information on the average costs of Hong Kong travel agents for receiving Mainland inbound tour groups, strengthening co-operation with the Mainland tourism authorities, encouraging

the organisation of “Quality and Honest Hong Kong Tours”, etc. The HKSAR Government will continue to work closely with the TIC and relevant law enforcement agencies in implementing the measures concerned and will review them in a timely manner with a view to curbing the problems arising from “zero/negative fare tour” or “low-fare tour” and coerced shopping.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)124

(Question Serial No. 2001)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (4) Posts, Competition Policy and Consumer Protection

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is mentioned under the "Matters Requiring Special Attention in 2017-18" that CITB will "continue to monitor the implementation of the amended Trade Descriptions Ordinance in tackling unfair trade practices that may be deployed in consumer transactions". In this regard, will the Government advise this Committee of the following:

- (a) specifically the measures taken by the Government to monitor the implementation of the Ordinance and the basis for assessing the effectiveness of the Ordinance, particularly the effectiveness in combating unfair trade practices in consumer transactions involving pre-payment?
- (b) whether such measures include examining the relevant study completed in due course by the Consumer Council and whether any follow-up action plan will be worked out; if yes, the timetable; if not, the reasons; and
- (c) the manpower and expenditure involved in such work?

Asked by: Hon LUK Chung-hung (Member Question No. 11)

Reply:

(a) Since the amended Trade Descriptions Ordinance (the Ordinance) came into effect in July 2013, the Commerce and Economic Development Bureau has been working closely with the law enforcement agencies of the Ordinance and the Consumer Council (the Council). We have been monitoring the number of complaints, investigations and prosecutions in relation to unfair trade practices prohibited under the Ordinance, as well as the relevant work on publicity and education. Law enforcement agencies have been combating unfair trade practices through enforcement actions such as acceptance of written undertakings from traders and initiation of prosecutions. There is also increased awareness among traders and the general public of the Ordinance and the unfair trade practices it prohibits. We will continue to support the work on these fronts.

(b) The Government has provided resources to the Council to conduct a study on cooling-off periods. The Council expects to complete the study in 2017, and we will consider the findings of the research. Meanwhile, the Government will continue to monitor the effectiveness of the Ordinance in tackling unfair trade practices and keep a close watch on the community's views on imposing mandatory cooling-off periods.

(c) The staffing and expenditure of the Commerce and Economic Development Bureau relevant to monitoring the implementation of the Ordinance have been subsumed within the establishment and provision of the Commerce, Industry and Tourism Branch. It is difficult to quantify them separately.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)125

(Question Serial No. 2224)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

As regards the implementation of the Earn and Learn Pilot Scheme for the Retail Industry (Pilot Scheme), will the Government advise this Committee of:

- (a) The number of beneficiaries by programme type (Higher Diploma/Diploma of Foundation Studies) since the launch of the Pilot Scheme, and its ratio to the number of participants expected by the Government.
- (b) The number of dropouts by programme type (Higher Diploma/Diploma of Foundation Studies) and reason of dropouts. Has the Government devised corresponding measures to reduce the number of dropouts? If yes, what are the details? If no, what are the reasons?
- (c) What are the arrangement and estimated expenditure for the continuous implementation of the Pilot Scheme in 2017-18?

Asked by: Hon LUK Chung-hung (Member Question No. 50)

Reply:

- (a) The “Diploma of Foundation Studies – Retail” course and the “Higher Diploma in Retail and Merchandising Management” course under the Earn and Learn Pilot Scheme for the Retail Industry (the Scheme) were launched in September 2014 and September 2015 respectively. The total number of planned places is approximately 1 500. Since the implementation of the Scheme, 502 students and 38 students have enrolled in the Diploma course and Higher Diploma course respectively, accounting for 36% of the total planned places.

- (b) 188 and 11 students have dropped out of the Diploma course and Higher Diploma course respectively. The understanding of the Vocational Training Council (VTC) is that about 30% of the dropouts hoped to join the workforce full-time at an earlier stage to tap on promotion opportunities in the retail industry. Some of the dropouts enrolled in other full-time courses to concentrate on their studies. On the other hand, some students have withdrawn from the Scheme due to personal or family reasons. VTC will continue to provide support to all students and help them cope with their work and studies, including strengthening their communication with employers and company mentors and offering tutorial classes and extra pastoral care to students in need.
- (c) In 2017-18, VTC and the retail industry will continue to promote the Scheme to employers, schools and the public. Both courses will commence in September 2017. VTC will organise information sessions for applicants in June 2017 and commence application and job interviews in July 2017. VTC will also promote the Scheme through enhanced cooperation with non-government organisations serving young people.

VTC is responsible for running the Scheme. The Government provides a monthly allowance of \$2,000 to each student. It is estimated that the expenditure on allowance is about \$3.15 million in 2017-18. The administrative work within the Government is taken up by existing staff and the expenditure is difficult to quantify.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)126

(Question Serial No. 2980)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Under Matters Requiring Special Attention in 2017-18 of the Programme in the Estimates, it is stated that the Government will “continue to work with the trade, the Hong Kong Tourism Board, the Travel Industry Council of Hong Kong, the Consumer Council and the Mainland authorities to promote quality and honest tourism”. In this regard, would the Government inform this Committee of:

- (a) the numbers of Mainland travel agents and travel websites selling quality Hong Kong travel products in 2016; and
- (b) the measures to be taken by the Government to promote honest tourism to Mainland visitors and encourage more of them to choose travel products under “Quality & Honest Hong Kong Tours”, as well as the estimates for these measures?

Asked by: Hon LUK Chung-hung (Member Question No. 9)

Reply:

- (a) The Hong Kong Tourism Board (HKTb) has been working closely with quality travel agents in the Mainland to promote “Quality and Honest Hong Kong Tours” (Q&H Tours) across the nation. In 2016, the HKTb partnered with 12 nationwide travel agents with offices in various Mainland cities and two popular travel websites to launch and promote various Q&H Tours products.
- (b) The HKSAR Government has all along joined hands with the relevant organisations in Hong Kong and the Mainland tourism authorities to promote quality and honest tourism. The Travel Industry Council of Hong Kong signed a cooperation agreement with the Tourism Administration of Guangzhou Municipality on 30 December 2015, under which travel agents in Guangzhou and Hong Kong are encouraged to join the

Red List for Q&H Tours for promoting quality and honest tourism. Currently, there are 40 travel agents in Guangzhou and 139 travel agents in Hong Kong on the Red List.

In addition, in 2017-18, the HKTb will step up promotion of Q&H Tours in the Mainland. The HKTb will join hands with Mainland trade partners to promote Q&H Tours in different cities of the Mainland, especially those in Northeast, North and West China, by encouraging consumers to choose quality travel products through major media organisations and travel websites.

The HKTb's marketing budget for the Mainland market in 2017-18 is estimated to be \$37.5 million, which covers the expenditure for promoting Q&H Tours. In addition, the Government will provide the HKTb with additional funding of \$238 million in 2017-18, of which \$3 million will be deployed to enhance the promotion of Q&H Tours in the Mainland.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)127****(Question Serial No. 1727)**

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Under Matters Requiring Special Attention in 2017-18, it is mentioned that the CITB would continue to co-ordinate work on policy and projects/initiatives to facilitate tourism development, including "Revitalisation of Dr Sun Yat-sen Historical Trail", the "FIA Formula E Hong Kong ePrix" and "A Symphony of Lights" show etc. In this connection, please provide the following information.

- (a) In the table below, please provide details of the mega events that were held in Hong Kong and subsidized by the Mega Events Fund in the past 2 years (2015-16 and 2016-17).

Event	Sponsoring Organisation	Date of the event	Descriptions of the event	Amount of subsidy granted	Number of participants

- (b) The Government has mentioned that the Mega Events Fund would stop running upon its expiration. How are those mega events previously subsidised by the Fund supposed to solicit continuous support from the Government thereafter? Meanwhile, does the Government have any new initiatives to encourage and support various sectors in organising mega events? Are there any mechanisms through which the Government can proactively co-operate with different sectors (including the cultural and sports sectors) in planning and organising mega events? If yes, what are the details?

- (c) In the table below, please provide details of the policies and projects/initiatives to be co-ordinated by the Government in this year to promote tourism development.

Projects/Initiatives	Expenditure involved

Asked by: Hon MA Fung-kwok (Member Question No. 63)

Reply:

- (a) The details of the events supported by the Mega Events Fund (MEF) in the past 2 years are as follows:

Project title	Organiser	Date of event	Nature	Funding ceiling^{Note 1} (\$ million)	Number of participants
2015 Hong Kong Dragon Boat Carnival	Hong Kong China Dragon Boat Association Hong Kong Tourism Board	3-5 July 2015	Traditional cultural activity with sports element	5.5	167 068
Prudential Hong Kong Tennis Open 2015	Hong Kong Tennis Association Limited	10-18 October 2015	Professional international tennis tournament	7	34 297
UBS Hong Kong Open	Hong Kong Tennis Association Limited	22-25 October 2015	Professional international golf tournament	15	38 437 ^{Note 2}
2016 Hong Kong Dragon Boat Carnival	Hong Kong China Dragon Boat Association Hong Kong Tourism Board	10-12 June 2016	Traditional cultural activity with sports element	6	164 790 ^{Note 2}
Prudential Hong Kong Tennis Open 2016	Hong Kong Tennis Open Event Management Limited	8-16 October 2016	Professional international tennis tournament	9	35 730 ^{Note 2}
UBS Hong Kong Open	Hong Kong Golf Association Hong Kong Golf Club	8-11 December 2016	Professional international golf tournament	15	38 377 ^{Note 2}

Note 1 : The basic funding principle of the MEF is that the total Government contribution (including the MEF funding) must not exceed 50% of the total cost of the event.

Note 2 : Expected numbers. The actual numbers cannot be confirmed until the MEF Assessment Committee has completed assessment of the evaluation reports as submitted by the event organisers.

- (b) We adjust our tourism development strategy from time to time to cater for the changing preference of our visitors and meet the challenges of the regional competition posed by other tourist destinations. The MEF has operated for 8 years and will expire by the end of March 2017. Upon review, the Government considers that the MEF has achieved its objectives of assisting Hong Kong to become an events capital of Asia and identifying events with good branding impact. The MEF has supported a total of 30 events, including new international mega events with good branding impact and existing events with their scale enhanced through the support of MEF. Some of the MEF-supported events have become self-sustainable and continue staging without seeking for our funding support subsequently. However, amongst the 30 MEF-supported events, 22 are repeated events (involving 6 events). We note that high-yield overnight visitors pursue tourism product diversification. Apart from mega events, they are also interested in participating in tourism activities showcasing the cultural characteristics of the travel destination. Hence, it is essential for the Government to adjust our strategy to maintain Hong Kong's attractiveness and competitiveness.

In 2017-18, the Government will adopt a new strategy to encourage and assist organisers of different sectors to stage events and activities in Hong Kong, including the events which had obtained support from the MEF; and facilitate the collaboration between the organisers and the tourism trade. The strategy includes the following four major areas:

- (1) providing "one-stop" support to large-scale commercial events with significant tourism merits: the Tourism Commission (TC) will enhance the communication and cooperation among the organisers and the Government bureaux/departments (B/Ds); as well as facilitate the collaboration between the organisers and the tourism trade. The HKTb will also assist in the overseas promotion of these events;
- (2) cultivating home-grown events to enhance their status: the Government will allocate resources to the HKTb to enhance some home-grown events with a view to marketing them as signature events in Asia;
- (3) supporting international events with significant branding impact on Hong Kong: to develop and facilitate the events concerned to take root in Hong Kong. Through allocating funding to the HKTb, the Government will continue to support these popular events; and
- (4) introducing a pilot scheme to support tourism activities showcasing Hong Kong's local characteristics: to help diversify the events in our city, it is necessary to nurture more local cultural, sports and entertainment activities which contain local characteristics and have tourism appeals. These activities should have potential to become signature events in Asia for visitors to experience our rich and diverse tourism offerings as the events capital of Asia. In the light of the above, we will allocate funding to the HKTb to implement the pilot scheme and work out the details.

We expect that through the new strategy, events and activities of different scales and types could receive Government support according to their needs, so that Hong Kong will have a wide range of events and activities with local characteristics throughout the year to attract more visitors to Hong Kong.

- (c) The details of the policies and projects/initiatives under Programme (6) in 2017-18 are as follows:

Project / Initiatives	Expenditure involved in 2017-18
Pilot Information Technology Development Matching Fund Scheme for Travel Agents	\$10 million (provision in 2016-17)
Subsidising the training of tourism industry members through the Travel Industry Council of Hong Kong for enhancing the service quality of the industry	\$5 million
The Government is taking forward the Kai Tak Tourism Node project for developing it into a world-class tourist and leisure attraction to draw local and worldwide visitations.	\$2.614 million (the expenditure incurred for the creation of two posts)
Revitalisation of Dr Sun Yet-sen Historical Trail	\$6.4 million
To monitor the operation of “A Symphony of Lights”	Around \$6.3 million
To oversee and co-ordinate the operation of the Kai Tak Cruise Terminal	\$85.26 million

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)128

(Question Serial No. 1733)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Under Matters Requiring Special Attention in 2017-18, it is stated that the Commerce, Industry and Tourism Branch will continue to work with stakeholders to review and enhance Hong Kong's copyright regime to ensure that it will meet the actual needs of Hong Kong and keep pace with international developments. In this connection, please inform this Committee of the following:

- (a) will the Government conduct a fresh round of consultations on the amendments to the Copyright Ordinance in 2017-18? If yes, what are the details? What is the expenditure involved? If no, what are the reasons?
- (b) in response to the non-passage of the Copyright (Amendment) Bill 2014 in the Legislative Council, what measures have been taken by the Government to strengthen copyright protection in Hong Kong, especially copyright protection in the digital environment? What is the expenditure involved?

Asked by: Hon MA Fung-kwok (Member Question No. 64)

Reply:

The Government reviews Hong Kong's copyright regime from time to time with a view to keeping abreast of technological developments and international legal norms, meeting Hong Kong's needs in economic development, growth of the creative industries and development of a knowledge-based economy, and maintaining and enhancing Hong Kong's competitiveness in the world arena. We will consider the various issues that are of concern to stakeholders with an open mind, make reference to copyright reviews of other jurisdictions and progress of international copyright treaties, and carry out legal and policy

research. For instance, we are studying the requirements of the Marrakesh Treaty to Facilitate Access to Published Works for Persons Who Are Blind, Visually Impaired or Otherwise Print Disabled¹ and the copyright exceptions currently available to facilitate persons with print disabilities under the Copyright Ordinance (Chapter 528). Any legislative proposal must be balanced and based on the best overall interest of Hong Kong. As is the established practice, we will consult the public before any new legislative proposal is introduced.

The Customs and Excise Department (C&ED) has launched robust enforcement actions to combat different types of intellectual property rights (IPR) infringing activities. In view of the change in user and buyer behaviour in recent years, C&ED has stepped up the monitoring of the latest trend of IPR infringing activities on the Internet and the related electronic crimes, and makes timely review of enforcement effectiveness. C&ED has redeployed internal resources to set up three dedicated “Anti-Internet-Piracy Teams” for the relevant enforcement work; establish the “Electronic Crime Investigation Centre” to enhance the capabilities of frontline officers in online investigation and evidence collection; and develop four online monitoring systems to better monitor and combat online IPR infringing activities, including the “SocNet” system, which was launched in 2015 to focus on and combat the selling of IPR infringing articles through social media platforms. This year, C&ED plans to redeploy internal resources to develop a “Big Data Analytics System” to analyse information collected from various Internet platforms with a view to detecting the latest trend of online infringement and enhancing enforcement efficiency. C&ED has also enhanced cooperation with Internet service providers, social media platforms, discussion forums and the local copyright industry in the monitoring and follow-up of online infringing activities. If infringing activities originating from websites outside Hong Kong are noticed, C&ED would alert the relevant law enforcement agencies for follow-up as appropriate.

In addition to law enforcement, the Government also attaches great importance to promotion and education work concerning enhancing public awareness of and respect for IPR. The Intellectual Property Department (IPD) respectively launched the “No Fakes Pledge” Scheme (which encourages retail merchants to pledge not to sell counterfeit and pirated products) and the “I Pledge” Campaign (which encourages consumers not to buy or use pirated and counterfeit goods) as early as in 1998 and 1999. On the promotion of the awareness and importance of copyright protection (including copyright protection in the digital environment), IPD produces relevant Announcements of Public Interest (APIs) from time to time. We also organise and operate interactive drama programmes for schools with the theme of respecting IPR on the Internet, interactive tutorial websites, visits to primary and secondary schools as well as seminars in tertiary institutions to spread the messages of respecting creativity, stopping online infringement, protecting copyright, etc. C&ED also enhances public awareness of IPR protection through various different channels, including online APIs. For this purpose, C&ED and related organisations have organised IPR-related talks, exchange programmes, training courses, workshops and competitions. In the future, IPD and C&ED will continue to launch different kinds of publicity and education activities in collaboration with related organisations in order to enhance awareness of IPR protection among the public, especially the youngsters.

¹ Administered by the World Intellectual Property Organization.

As the expenditure on the different copyright-related work has been subsumed within the provisions of the relevant Branch and Departments, it is difficult to quantify such expenditure separately.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)129

(Question Serial No. 4881)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Under Matters Requiring Special Attention in 2017-18, it is stated that continued efforts will be made to promote Hong Kong as a premier intellectual property (IP) trading hub in the region. In this connection, please advise this Committee on:

- (a) the measures taken by the Government in the past 2 years to promote Hong Kong as a premier IP trading hub in the region (including the promotion of IP trading of film and television entertainment products, trading of book copyrights, etc.), the expenditure involved and the effectiveness of these measures;
- (b) the measures to be taken by the Government this year to promote Hong Kong as a premier IP trading hub in the region (including the promotion of IP trading of film and television entertainment products, trading of book copyrights, etc.) and the expenditure involved; and
- (c) the use of IP within the Government and the expenditure incurred on the purchase of IP rights in 2016-17, and the estimated expenditure on the purchase of IP rights by the Government in 2017-18?

Asked by: Hon MA Fung-kwok (Member Question No. 71)

Reply:

In March 2015, the Working Group on IP Trading (Working Group) released a report with 28 recommended measures to position and promote Hong Kong as the premier IP trading hub in Asia. The recommended action framework comprises four strategic areas, namely (I) enhancing the IP protection regime; (II) supporting IP creation and exploitation; (III) fostering IP intermediary services and manpower capacity; and (IV) pursuing promotion, education and external collaboration efforts.

Progress

The Government accepted the recommendations of the Working Group and is working in full swing with various stakeholders on implementation. Major progress in 2016-17 includes -

(I) enhancing our IP protection regime –

- the Patents (Amendment) Ordinance 2016 was enacted by the Legislative Council (LegCo) in June 2016 to provide the legal basis for introducing the Original Grant patent (OGP) system to Hong Kong. We are making preparations for the implementation, including establishing a new IT system and amending the Patents (General) Rules to set out procedures in relation to the OGP system. Subject to progress, we aim at launching the OGP system in 2019 the earliest;
- having regard to the overall benefits in the best interest of Hong Kong, and the general favourable response received in the prior public consultation exercise, we are minded to proceed with the application of the international registration and management system under the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks (Madrid Protocol) to Hong Kong. We reported on the way forward and the ongoing preparatory work to the LegCo Panel on Commerce and Industry in February 2017. Subject to progress, the Madrid Protocol could be implemented in Hong Kong in 2019 the earliest;

(II) supporting IP creation and exploitation –

- with the support of the Law Society of Hong Kong, the Intellectual Property Department (IPD) launched a pilot scheme on IP consultation service for small and medium enterprises (SMEs) in December 2014. The formal scheme was rolled out in September 2016 in view of favourable feedback. By end February 2017, 157 consultation sessions were completed;
- following the 2016 Policy Address and 2016-17 Budget, the Government introduced a series of new initiatives with a funding of \$18 billion to enhance Hong Kong's innovation and technology (I&T) ecosystem, e.g. promoting re-industrialisation, funding universities to conduct mid-stream and applied research projects, subsidising industry adoption of technology to upgrade and transform, and supporting start-ups. The Government will also reserve \$10 billion from the 2016-17 fiscal surplus for supporting I&T development in Hong Kong;
- in 2016, the CreateSmart Initiative and the Film Development Fund, administered by Create Hong Kong, received an additional injection of \$400 million and \$20 million respectively to continue providing financial support for the creative industry;

- we are formulating legislative proposals to expand the scope of tax deduction for capital expenditure incurred for the purchase of IP rights (IPRs) from the existing five categories to eight. The additional IPRs that will benefit are layout-design of integrated circuits, plant varieties and rights in performance. Subject to progress, we aim to introduce the legislative proposals to LegCo this year;
- the Hong Kong Trade Development Council (HKTDC) will continue to hold the annual and well received Hong Kong International Licensing Show and the Asian Licensing Conference to promote IP trading through licensing and cross-sector collaboration. HKTDC will also continue to set up the Copyright Exchange Lounge at the Hong Kong Book Fair for book publishers to discuss copyright issues, as well as Business of IP Zones in its various trade fairs such as the Hong Kong International Film & TV Market, Fashion Week of Spring/Summer and Fall/Winter, and etc to promote cross sector IP trading;

(III) fostering IP intermediary services and manpower capacity –

- as of end February 2017, the Asia IP Exchange, an online IP trading portal set up and administered by HKTDC, has formed alliances with 35 strategic partners local and overseas, and covered over 27 000 entries of tradable IPRs (including copyright, patents, registered design and trade marks) which is 30% more in entries since its launch in December 2013;
- IPD is working with partners with expertise in IP transactions and legal knowledge to compile and publish a booklet containing basic practical guidelines in two areas, namely “IP audit” (management for day-to-day business) and “IP due diligence” (due diligence for IP transactions), which is expected to be made available in the first half of this year;
- the Department of Justice (DoJ) is working to develop and promote Hong Kong as an international legal and dispute resolution services centre. The Arbitration (Amendment) Bill 2016 was introduced into LegCo in December 2016 to clarify that IP disputes are capable of settlement by arbitration. With DoJ’s and IPD’s assistance, the Bills Committee completed the clause-by-clause examination of the Bill in February 2017. We expect the Bill would resume second reading soon;
- on IP mediation, DoJ, IPD and relevant stakeholders jointly organised a workshop in May 2016 which was well received by industry players. This tripartite cooperation will continue to promote IP mediation, and explore whether evaluative mediation may be used to resolve IP disputes;
- IPD launched the IP Manager Scheme in May 2015 to help local SMEs build up their IP manpower capacity and increase competitiveness through IP management and commercialisation. IPD has organised four rounds of training with a total of 750 attendees from over 470 SMEs since 2015. From April 2016 onwards, IPD also organised Practical Workshops for IP Managers who have attended the training programme. IPD will continue to organise the training and workshops in 2017 in view of the favourable response;

- from 2015 onwards, IPD sponsored numerous training courses on IP related subjects conducted by professional and industry bodies to nurture talents;

(IV) pursuing promotion, education and external collaboration efforts –

- since 2013, the Government co-organised the Business of Intellectual Property Asia Forum with HKTDC and Hong Kong Design Centre. The 2016 edition attracted over 2 500 IP professionals and industry players from 31 countries and regions. The 2017 edition will be held on 7 and 8 December;
- IPD launched a series of short videos showcasing local success stories of IP commercialisation in 2016-17. IPD will continue with more publicity in 2017-18;
- we have also been reaching out to different industries, e.g. movie and toy, to promote cross-sector IP trading since the latter half of 2015, and the responses have been encouraging. Key players in the respective fields have a better understanding of the potentials of their IP and the prospects of cross-sector commercialisation. We will continue to facilitate such exchanges in IP trading crossovers.

Resources and Way Forward

To provide dedicated support to the Working Group and to follow up the implementation work, one Chief Executive Officer (CEO) post was created in CITB in 2014-15 (for 24 months) and the total salary provision for the post is \$1.36 million annually. The CEO post has been extended for a further 24 months as from 2016-17 to continue overseeing the implementation of various measures. Other manpower and expenditure required for taking forward IP trading initiatives have been and will continue to be covered by the current establishment of and provision for CITB and relevant agencies. This includes specifically setting aside \$23 million as from 2015-16 for three years to support a number of new initiatives, for example (as mentioned above) -

- (i) providing free initial IP consultation service to SMEs;
- (ii) organising and sponsoring IP manpower training;
- (iii) promoting the development of highly specialised IP intermediary services; and
- (iv) launching promotion and public education campaigns.

The estimated expenditure for implementing the initiatives above in 2016-17 is \$8.6 million. We will continue our efforts in 2017-18 by utilising the resources already set aside.

Use of IP within the Government

The Government uses different types of IP rights in its daily operation. Common usage includes the use of computer software, making copies of periodicals or other publications, making copies of newspapers or circulating newspapers by electronic means, playing or performing musical copyright works in public, playing sound or video recordings in public, broadcasting television or radio programmes in public, etc.

The expenditure incurred on the purchase and/or use of IP rights has been subsumed under recurrent expenses of the Government, and bureaux and departments do not have the breakdown. Likewise, the aforesaid expenditure has already been budgeted for in the recurrent expenses of the 2017-18 Estimates of the Government without breakdown.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)130

(Question Serial No. 6925)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (-) -

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Will the Bureau please provide the establishment date of and the amount of injection into the following funds, as well as their annual balance, government injection amount and total expenditure in 2013-14, 2014-2015, 2015-16 and 2016-17? If there are other funds within the purview of the Bureau but are not listed below, please also provide the information as stated above.

1. Consumer Legal Action Fund
2. Dedicated Fund on Branding, Upgrading and Domestic Sales
3. Mega Events Fund
4. SME Export Marketing and Development Funds

Asked by: Hon MA Fung-kwok (Member Question No. 101)

Reply:

Please refer to the Appendix for the Funds under the purview of Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch).

Appendix

1. Name of Fund: Consumer Legal Action Fund

Establishment Date: 30 November 1994

Opening approved government injection: \$10 million

Subsequent government injection: \$10 million in 2010-11

Category: Fund outside the Accounts of the Government

Financial Year	Government injection amount per financial year (If any) (\$million)	Expenditure (\$million)	Balance(Note) (\$million)
2013-14	0	2.45	15.74
2014-15	0	2.90	13.92
2015-16	0	2.94	11.29
2016-17 (up to 30 Sep 2016, unaudited)	0	1.33	10.02

Note: Balance includes income other than Government injection.

2. Name of Fund: Dedicated Fund on Branding, Upgrading and Domestic Sales

Establishment Date: 25 June 2012

Opening approved government injection: \$1,000 million

Category: Fund under the Accounts of the Government (Head 181)

Financial Year	Government injection amount per financial year (If any) (\$million)	Expenditure (\$million)	Balance (\$million)
2013-14	0	74.679	882.187
2014-15	0	101.115	781.072
2015-16	0	53.305	727.767
2016-17 (up to 28 February 2017)	0	70.738	657.029

3. Name of Fund: Mega Events Fund

Establishment Date: 8 May 2009

Opening approved government injection: \$100 million

Subsequent government injection: Finance Committee of Legislative Council approved in April 2012 to allocate \$150 million for extending the operation of the MEF for 5 years until end March 2017.

Category: Fund under the Accounts of the Government (Head 152)

Financial Year	Government injection amount per financial year (If any) (\$million)	Expenditure (\$million)	Balance (\$million)
2013-14	0	17.588	115.737
2014-15	0	6.929	108.808
2015-16	0	16.009	92.799
2016-17 (up to 28 February 2017)	0	16.493	76.306

4. Name of Fund: SME Export Marketing and Development Funds

Establishment Date: 14 December 2001

Opening approved government injection: \$900 million¹

Subsequent government injection: Finance Committee of Legislative Council approved to allocate a total of \$2,850 million from 2005-06 to 2011-12.

Category: Fund under the Accounts of the Government (Head 181)

Financial Year	Government injection amount per financial year (If any) (\$million)	Expenditure (\$million)	Balance (\$million)
2013-14	0	273.797	649.231
2014-15	0	228.859	420.372
2015-16	1,500.000	206.870	1,713.502
2016-17 (up to 28 February 2017)	0	155.630	1,557.872

¹ Including the commitment of SME Training Fund (ceased to receive applications since 1 July 2005), SME Export Marketing Fund and SME Development Fund.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)131****(Question Serial No. 2053)**

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (7) Subvention : Hong Kong Tourism Board

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

In 2017-18, the Hong Kong Tourism Board will invest 76% of its total marketing budget in the international markets; and the remaining 24% in the Mainland market, of which 80% will be invested in non-Guangdong region. What will be the detailed estimated expenditure in 2017-18? Please also list in the table below the estimated expenditure.

Target cities/ provinces/regions	Marketing content	Amount	Percentage increase/decrease as compared to that in the previous year

Asked by: Hon MO Claudia (Member Question No. 13)

Reply:

The Hong Kong Tourism Board (HKTb)'s total marketing budget in 2017-18 is estimated to be \$398.11 million. Part of the budget will be used by the Head Office for global and regional promotions. About \$155.09 million will be invested in visitor source markets to drive overnight visitors.

Out of the marketing budget invested in source markets, 76% will be allocated to the international markets, 50% of which will be invested in short-haul markets such as Taiwan, Japan, South Korea and Southeast Asia. Resources invested in the Mainland market will account for 24% of the total budget invested in markets, 80% of which will go to non-Guangdong areas to attract overnight visitors. The remaining will be invested in Guangdong for tourism promotion.

The HKTB's key promotion work and proposed budget to be invested in different regions in the Mainland are as follows -

Region(s)	Key Promotion Work	2017-18 Proposed Budget (\$ million)	2016-17 Revised Estimates* (\$ million)	Percentage change# (vs. 2016-17)
South China	<p><u>Non-Guangdong areas:</u></p> <ul style="list-style-type: none"> - Focus on promoting family travel during summer and winter vacations by rolling out special tour products targeted at families in partnership with travel and related trade partners; and - Tie in various major events and festivals such as Hong Kong Wine and Dine Festival and WinterFest to promote short breaks and weekend getaway trips. <p><u>Guangdong area:</u></p> <ul style="list-style-type: none"> - Promote cruise tourism; and - Tie in various exciting events such as Hong Kong Halloween Treats and FIA Formula E Championship – Hong Kong ePrix to promote short breaks and weekend getaway trips. 	<p>11.3</p> <p>Non-Guangdong: 3.8</p> <p>Guangdong: 7.5</p>	<p>31.9</p> <p>Non-Guangdong: 11.1</p> <p>Guangdong: 20.8</p>	<p>-64.7%</p> <p>Non-Guangdong: -66.1%</p> <p>Guangdong: -63.9%</p>

Region(s)	Key Promotion Work	2017-18 Proposed Budget (\$ million)	2016-17 Revised Estimates* (\$ million)	Percentage change# (vs. 2016-17)
West and Central China	<ul style="list-style-type: none"> - Focus on promoting family travel during summer and winter vacations by rolling out special tour products targeted at families in partnership with travel and related trade partners; - Tie in various major events and festivals such as Hong Kong Wine and Dine Festival and WinterFest to promote short breaks and weekend getaway trips; and - Partner with airlines to promote tour products targeted at independent and free travelers in order to attract first-timers and repeat visitors. 	9.4	21.2	-55.7%
East China	<ul style="list-style-type: none"> - Partner with airlines and online travel agencies to promote tour products targeted at independent and free travelers in order to attract first-timers and repeat visitors to Hong Kong at different times of the year; 	5.5	23.2	-76.3%

Region(s)	Key Promotion Work	2017-18 Proposed Budget (\$ million)	2016-17 Revised Estimates* (\$ million)	Percentage change# (vs. 2016-17)
	<ul style="list-style-type: none"> - Tie in various major events and festivals such as Hong Kong Arts Month, Hong Kong Wine and Dine Festival and Halloween Treats to promote short breaks and weekend getaway trips; - Promote Hong Kong's strengths and appeals as a Meetings, Incentive Travels, Conventions and Exhibitions (MICE) destination to MICE event organisers and big corporations; and - Showcase Hong Kong's diverse travel experience through high-rating reality shows. 			
North China	<ul style="list-style-type: none"> - Focus on promoting family travel during summer and winter vacations by rolling out special tour products targeted at families in partnership with travel and related trade partners; 	11.4	30.0	-62.1%

Region(s)	Key Promotion Work	2017-18 Proposed Budget (\$ million)	2016-17 Revised Estimates* (\$ million)	Percentage change# (vs. 2016-17)
	<ul style="list-style-type: none"> - Partner with airlines to promote tour products targeted at independent and free travelers in order to attract first-timers and repeat visitors; - Tie in various major events and festivals such as Hong Kong Arts Month and Hong Kong Wine and Dine Festival to promote short breaks and weekend getaway trips by rolling out special tour products targeted at young segment in partnership with travel and related trade partners; and - Promote Hong Kong's strengths and appeals as a MICE destination to MICE event organisers and big corporations. 			

* The revised estimates include the increased allocation to markets from the additional funding of approximately \$222 million from the Government's Budget 2016-17.

Note: Owing to rounding, the percentage of individual figures may differ from counting.

The above-mentioned proposed budget for 2017-18 includes the recurrent funding that has been granted to the HKTb by the Government, and the additional fund of \$70 million allocated for the events and promotions held to celebrate the 20th anniversary of the establishment of the Hong Kong Special Administration Region, but has not included the

additional funding provided in this year's Policy Address and Budget. The Government has earmarked an additional fund of \$238 million to the HKTb in this year's Policy Address and Budget to step up promotion in source markets. The HKTb is currently planning the investment proportion of this additional fund to the Mainland market.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)132

(Question Serial No. 2278)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (4) Posts, Competition Policy and Consumer Protection

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Earlier on, Hongkong Post (HKP) planned to cover the British crown markings and royal ciphers on existing posting boxes. Since the plan met with strong opposition from the public, the Government decided to review it. In this connection, please advise this Committee of the following:

- (1) What is HKP's latest plan or proposal? Is there any implementation timetable?
- (2) Will any new proposal be subject to public consultation prior to implementation?
- (3) In the 2017-18 financial year, will the Government earmark any provision for the purpose of covering the British crown markings and royal ciphers on posting boxes? If yes, what are the details?

Asked by: Hon MO Claudia (Member Question No. 17)

Reply:

The Government is still studying the issue. During the process, we will take account of the views of different stakeholders, including the views received in 2015 from discussions with organisations and individuals interested in heritage conservation and the conservation of old posting boxes as well as the comments received from other channels. The Government will make an announcement if it decides to update the markings on the old posting boxes. Should the decision involve any extra expenditure, the Government will process the requirement in accordance with the established procedures.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)133****(Question Serial No. 5139)**

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (-) -

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

In respect of the public relations expenditure of government departments, please inform this Committee of the following:

(1) the total expenditure and details of publishing advertisements, sponsored content or advertorials in newspapers registered under the Registration of Local Newspapers Ordinance by your department in the past year:

Date of publish (Day/Month / Year)	Status (one-off/ ongoing/done) (as at 28 February 2017)	Government or public organisation (including bureau/ department/ public organisation/ government advisory body)	Name and purpose of advertisement	Name of media organisation and newspaper	Frequency (as at 28 February 2017)	Expenditure (as at 28 February 2017)

(2) the expenditure and details of sponsoring local free-to-air television stations, pay television stations and radio stations to provide information and produce programmes or materials by your department in the past year:

Date of broadcast (Day/Month / Year)	Status (one-off/ ongoing/done) (as at 28 February 2017)	Government or public organisation (including bureau/ department/ public organisation / government advisory body)	Name and purpose of advertisement	Media organisation	Frequency (as at 28 February 2017)	Expenditure (as at 28 February 2017)

(3) the media organisations which published or broadcasted advertisements/sponsored content of your department in the past year, as well as the frequency and total expenditure involved (in descending order):

Name of media organisation	Frequency	Total expenditure (\$)

(4) the websites/network platforms on which your department published online advertisements/sponsored content in the past year, as well as the frequency, duration (days) and total expenditure involved (tabulated in descending order):

Website/ network platform	Content of advertisement	Frequency	Duration (days)	Hit rate, frequency of exposure and number of viewers	Total expenditure (\$)

Asked by: Hon MOK Charles Peter (Member Question No. 86)

Reply:

(1) Please refer to the Annex for the total expenditure and details of publishing advertisements, sponsored content or advertorials in newspapers registered under the Registration of Local Newspapers Ordinance by Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch) (CITB) in the past year.

(2) Please refer to the Annex for the expenditure and details of sponsoring local free-to-air television stations, pay television stations and radio stations to provide information and produce programmes or materials by CITB in the past year.

(3) Please refer to the Annex for the media organisations which published or broadcasted advertisements/sponsored content of CITB in the past year, as well as the frequency and total expenditure involved.

(4) Please refer to the Annex for the websites/network platforms on which CITB published online advertisements/sponsored content in the past year, as well as the frequency, duration (days) and total expenditure involved.

- End -

(1) The total expenditure and details of publishing advertisements, sponsored content or advertorials in newspapers registered under the Registration of Local Newspapers Ordinance by Commerce and Economic Development (Commerce, Industry and Tourism Branch) (CITB) in 2016-17:

Date of publish (Day/Month/Year)	Status (one-off/ ongoing/done)	Name and purpose of advertisement	Name of media organisation and newspaper	Frequency	Expenditure (\$)
26 Apr, 4,12,17 May, 24 Oct, 3,9 and 14 Nov 2016	done	To promote support services and information on IP trading	Metro Daily	8 times	60,000
5 and 10 May, 4 and 8 Nov 2016	done	To promote support services and information on IP trading	Hong Kong Economic Times	4 times	34,800
May 2016 to Feb 2017	ongoing (last insertion will be placed in March 2017)	To promote support services and information on IP trading	Hong Kong Economic Journal Monthly	10 times	65,000
5 and 14 May, 24 Sep, 26 Nov 2016, 28 Jan 2017	ongoing (last insertion will be placed in March 2017)	To promote support services and information on IP trading	Economic Digest	5 times	75,000
28 Apr, 12 May, 30 Jun, 27 Oct, 29 Dec 2016, 23 Feb 2017	done	To promote support services and information on IP trading	Capital Weekly	6 times	60,000
Apr to May, Sep to Nov 2016, Jan to Feb 2017	ongoing (last insertion will be placed in March 2017)	To promote support services and information on IP trading	The Bulletin	7 times	66,500
Apr to May, Sep to Nov 2016, Jan to Feb 2017	ongoing (last insertion will be placed in March 2017)	To promote support services and information on IP trading	CGCC Vision	7 times	77,000
Apr to May, Sep to Nov 2016, Jan to Feb 2017	ongoing (last insertion will be placed in March 2017)	To promote support services and information on IP trading	Hong Kong Industrialist	7 times	66,500
Jul, Oct 2016, Jan 2017	done	To promote support services and information on IP trading	Hong Kong Entrepreneurs	3 times	18,150

(2) The expenditure and details of sponsoring local free-to-air television stations, pay television stations and radio stations to provide information and produce programmes or materials by CITB in 2016-17:

Date of broadcast (Day/Month/Year)	Status (one-off/ ongoing/done)	Name and purpose of advertisement	Media organisation	Frequency	Expenditure (\$)
27 Jul 2017	One-off	“Food Truck Pilot Scheme – Cook-off Challenge and Result Announcement Ceremony” To promote the Food Truck Pilot Scheme	Viu TV	1	1,428,000
10 and 17 Dec 2016	One-off	“I Like Food Truck” To promote the Food Truck Pilot Scheme	Viu TV	2 (2 episodes)	

(3) The media organisations which published or broadcasted advertisements/sponsored content of CITB in 2016-17, as well as the frequency and total expenditure involved:

Name of media organisation	Frequency	Total expenditure (\$)
Viu TV	3	1,428,000 (already included the expenses in Table (2))
Ming Pao Newspaper Limited	1	45,000
Sing Tao News Corporation Limited	1	16,000
Apple Daily Limited	1	15,000

(4) The websites/network platforms on which CITB published online advertisements/sponsored content in 2016-17, as well as the frequency, duration and total expenditure involved:

Website/ network platform	Content of advertisement	Frequency	Duration (days)	Hit rate, frequency of exposure and number of viewers	Total expenditure (\$)
Google Display Network	To promote support services and information on IP trading	1 time	179 days	Hit rate: 0.21% Frequency of exposure: 53 095 788	500,000
Yahoo Hong Kong	To promote support services and information on IP trading	1 time	87 days	Hit rate: 0.35% Frequency of exposure: 14 425 899	200,000
Yahoo Hong Kong	To promote success stories of IP commercialisation	2 times	36 days	Hit rate: 0.13% Frequency of exposure: 40 246 434	100,000

Website/ network platform	Content of advertisement	Frequency	Duration (days)	Hit rate, frequency of exposure and number of viewers	Total expenditure (\$)
Youtube	To promote success stories of IP trading	2 times	36 days	Hit rate: 13.86% Frequency of exposure: 646 187	100,000
Facebook	To promote the Earn & Learn Pilot Scheme for the Retail Industry (Right hand column ads)	1	62 days	Hit rate: 0.01% Frequency of exposure: 16 158 225 Number of viewers: 602 564	45,000
Hok Yau Club (www.student.hk)	To promote the Earn & Learn Pilot Scheme for the Retail Industry	1	63 days	Frequency of exposure: the advertisements were continuously displayed during the period. Breakdowns of the hit rate and number of viewers are not available. The hit count of the whole website for an individual month is about 400 000.	22,880
Facebook	To promote the content of the “Retail Has it All” Facebook page (Boosting posts)	7	34 days in total	Average hit rate: 3.87% Average frequency of exposure: 44 118 Average number of viewers: 30 843	11,933
YouTube	To publicise the Government’s initiatives as proposed by the Economic Development Commission to promote the diversified development of industries	1	54 days	Frequency of exposure: 45 000	22,500

CONTROLLING OFFICER'S REPLY

CEDB(CIT)134

(Question Serial No. 5156)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (1) Director of Bureau's Office, (3) Subvention: Hong Kong Trade Development Council, (5) Subvention: Consumer Council, (7) Subvention: Hong Kong Tourism Board, (9) Subvention: Competition Commission

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Regarding the records management work of your bureau and the departments under its purview over the past year:

- (1) Please provide information on the number and rank of officers designated to perform such work. If there is no officer designated for such work, please provide information on the number of officers and the hours of work involved in records management duties, and the other duties they have to undertake in addition to records management;
- (2) Please list in the table below information on programme and administrative records which have been closed pending transfer to the Government Records Service (GRS) for appraisal;

Category of records	Years covered by the records	Number and linear metres of records	Retention period approved by GRS	Are they confidential documents	Reasons for not having been transferred

- (3) Please list in the table below information on programme and administrative records which have been transferred to GRS for retention;

Category of records	Years covered by the records	Number and linear metres of records	Retention period approved by GRS	Are they confidential documents	Reasons for not having been transferred

- (4) Please list in the table below information on records which have been approved for destruction by GRS;

Category of records	Years covered by the records	Number and linear metres of records	Retention period approved by GRS	Are they confidential documents	Reasons for not having been transferred

Asked by: Hon MOK Charles Peter (Member Question No. 103)

Reply:

1. The Commerce, Industry and Tourism Branch and family departments (including Invest Hong Kong, Trade and Industry Department, Intellectual Property Department, Hong Kong Observatory and Hongkong Post) of the Commerce and Economic Development Bureau have already appointed Departmental Records Managers who are assisted by Assistant Departmental Records Managers and Records Managers from various Divisions/Sections to implement and monitor records management matters. Since these officers do not work full time on records management work and the time spent on such duties vary over different periods of time, it is difficult to quantify the hours of work involved accurately.
2. The programme and administrative records which have been closed pending transfer to the Government Records Service (GRS) for appraisal in 2016-17 are tabulated below -

Category of records	Years covered by the records	Number and linear metres of records	Retention period approved by GRS	Are they confidential documents	Reasons for not having been transferred
Administrative	1989 - 2016	90 records / 4.53 lm	According to General Administrative Records Disposal Schedules (GARDS)	No	Retention period not yet expired
	1994 - 2017	21 records / 1.05 lm		Yes	

Category of records	Years covered by the records	Number and linear metres of records	Retention period approved by GRS	Are they confidential documents	Reasons for not having been transferred
	1962 - 2014	248 records / 10.42 lm		No	Submitted requests to GRS and pending instruction
	1996 - 2013	16 records / 0.80 lm		Yes	
	1998 - 2017	62 records / 2.85 lm		No	Pending submission to GRS
	2013 - 2014	1 record / 0.05 lm		Yes	
Programme	1951 - 2017	3 319 records / 172.97 lm	According to the disposal schedules approved by GRS (RMO2)	No	Retention period not yet expired
	1949 - 2017	4 701 records / 223.97 lm		Yes	
	1946 - 2017	782 records / 39.10 lm		No	Submitted requests to GRS and pending instruction
	1966 - 2000	59 records / 2.95 lm		Yes	
	2011 - 2015	4 records / 0.16 lm	Pending GRS's approval	No	Pending GRS's approval for the retention period
	1949 - 2017	1 141 records / 56.92 lm	According to RMO2	No	Pending submission to GRS
	1956 - 2007	599 records / 29.85 lm		Yes	

3. The programme and administrative records which have been transferred to GRS for retention in 2016-17 are tabulated below -

Category of records	Years covered by the records	Number and linear metres of records	Retention period approved by GRS	Are they confidential documents	Reasons for not having been transferred
Administrative	1980 - 1996	4 records / 0.20 lm	Retention period advised by GRS	Yes	Already transferred to GRS
Programme	1982 - 2013	6 254 records / 174.25 lm	According to RMO2	No	
	1957 - 2007	333 records / 13.80 lm		Yes	

4. The records which have been approved for destruction by GRS in 2016-17 are tabulated below -

Category of records	Years covered by the records	Number and linear metres of records	Retention period approved by GRS	Are they confidential documents	Reasons for not having been transferred
Administrative	1952 - 2014	100 668 records / 287.74 lm	According to GARDS	No	Records were destroyed after approval was given by GRS
	1977 - 2012	62 records / 2.80 lm		Yes	
Programme	1947 - 2015	261 411 records / 2 167.75 lm	According to RMO2	No	
	2008 - 2011	31 records / 0.23 lm		Yes	

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)135****(Question Serial No. 6725)**

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (1) Director of Bureau's Office

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

(1) Please provide, in table form, the number of requests for information under the Code on Access to Information received by the Commerce and Economic Development Bureau and its subvented organisations in 2016-17 as well as the relevant details:

Bureau/ Department/ Organisation	Number of requests received	Information involved (items)	Number of requests being handled	Number of requests for which all information was provided	Number of requests for which some information was provided	Average number of days taken to handle the requests (working days)

(2) the 3 pieces of information most frequently requested by the public and the number of such requests;

(3) the 5 requests for information which took the longest time to handle, the number of days taken to handle such requests and the reasons; and

(4) the content of the requests refused, the reasons for the refusal and the number of requests for reviews lodged by the public.

Asked by: Hon MOK Charles Peter (Member Question No. 155)

Reply:

During the period from January to September 2016, the Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch) received three requests for information made under the Code on Access to Information. The information requested varied from case to case with no duplication. As at 30 September 2016, processing of the above cases was completed.

All the above requests were met in full, and were processed and completed within 21 days.

During the above period, our Branch had not received any request for internal review of the processing of the above cases.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)136****(Question Serial No. 6727)**

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (-) -

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Please tabulate the details concerning the social media platforms set up and run by your bureau/departments/the public bodies under your purview and their subvented organisations (including out-sourced contractors or consultants) in 2016-17 (as at 28 February 2017).

Commencement Date (month/year)	Status (keep updating/ ceased updating)	Bureau/ subvented organisations	Name	Social media platforms	Purpose of establishment and contents	No. of "likes"/ subscribers/ average monthly visits	Regular compilation of summary of comments and follow-up (yes/no)	Average no. of posts per day and average no. of interactions per post (total no. of "likes", comments and shares)	Ranks and no. of officers responsible for the operation	Expenditure for setting up the platforms and daily operational expenses

Asked by: Hon MOK Charles Peter (Member Question No. 158)

Reply:

The information relating to social media platforms set up and run by the Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch) and its subvented organisations in 2016-17 is provided at **Annex**.

- End -

Social Media Platforms set up and run by Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch) (CITB)
and agencies under its commission in 2016-17 (as at 28 February 2017)

Commen- cement date (month/ year)	Status (updating in progress/ ceased updating)	Bureau/ agencies under its commission	Name	Social media platforms	Purpose of establishment and contents	No. of “likes”/ subscribers / average monthly visits	Regular compilation of summary of comments and follow-up (yes/no)	Average (Avg.) no. of posts per day and average no. of interactions per post (total no. of “likes”, comments and shares)	Ranks and no. of officers responsible for running the platforms	Expenditure for setting up the platforms and daily operational expenses
September 2006	Keep updating	Hong Kong Trade Development Council (TDC)	HKTDC page	YouTube (English)	To upload videos produced by TDC	6 326 subscribers 3 877 962 views	No	Avg. 3 videos per week Avg. 7 000 Views per week Avg. 20 Likes per week	1 Senior Video Producer and 1 Assistant Video Producer (Note 1)	Not applicable (Note 2)
August 2010	Keep updating	TDC	HKTDC account	Twitter	To provide updated news about TDC’s activities and videos	10 482 followers	No	Avg. 5 posts per day Avg. 6 000 impressions per day Avg. 150 engagements per day	1 Manager and 1 Social Media Executive (Note 1)	Not applicable (Note 2)
October 2010	Keep updating	TDC	HKTDC account	LinkedIn	To provide updated news about TDC’s activities and videos and to network with buyers and players from different business sectors	16 298 followers	No	Avg. 1 post per day Avg. 3 000 impression per day Avg. 20 engagements per day	1 Manager and 1 Social Media Executive (Note 1)	Not applicable (Note 2)

Commencement date (month/year)	Status (updating in progress/ceased updating)	Bureau/agencies under its commission	Name	Social media platforms	Purpose of establishment and contents	No. of “likes”/ subscribers / average monthly visits	Regular compilation of summary of comments and follow-up (yes/no)	Average (Avg.) no. of posts per day and average no. of interactions per post (total no. of “likes”, comments and shares)	Ranks and no. of officers responsible for running the platforms	Expenditure for setting up the platforms and daily operational expenses
November 2010	Keep updating	TDC	HKTDC page (Traditional Chinese)	YouTube (Cantonese)	To upload videos produced by TDC	10 588 subscribers 3 401 677 views	No	Avg. 3 videos per week Avg. 20 000 Views per day Avg. 75 Likes per week	1 Senior Video Producer and 1 Assistant Video Producer (Note 1)	Not applicable (Note 2)
November 2010	Keep updating	TDC	HKTDC page (Simplified Chinese)	YouTube (Putonghua)	To upload videos produced by TDC	2 565 subscribers 787 233 views	No	Avg. 3 videos per week Avg. 3 000 Views per week Avg. 20 Likes per week	1 Senior Video Producer and 1 Assistant Video Producer (Note 1)	Not applicable (Note 2)
June 2011	Keep updating	TDC	HKTDC Exhibition Channel香港貿發局展覽頻道	Facebook	To provide updated news and details of TDC exhibitions	123 212 fans	No	About 1-3 posts per fair Around 50 reactions per post	1 Assistant Manager and 2 Digital Marketing Specialists (Note 1)	Not applicable (Note 2)
July 2011	Keep updating	TDC	@香港貿發局時尚生活	Sina Weibo	To promote TDC's services, Hong Kong lifestyle, design and original brands and Hong Kong as a business platform for Mainland companies to venture into international markets	178 721 fans	No	Avg. 5 posts per day Avg. 20 000 readings per day Avg. 30 engagements per day	1 Deputy Manager and 1 New Media Executive (Note 1)	Not applicable (Note 2)

Commen- cement date (month/ year)	Status (updating in progress/ ceased updating)	Bureau/ agencies under its commission	Name	Social media platforms	Purpose of establishment and contents	No. of “likes”/ subscribers / average monthly visits	Regular compilation of summary of comments and follow-up (yes/no)	Average (Avg.) no. of posts per day and average no. of interactions per post (total no. of “likes”, comments and shares)	Ranks and no. of officers responsible for running the platforms	Expenditure for setting up the platforms and daily operational expenses
January 2012	Keep updating	TDC	Fashionally	Facebook	To promote Hong Kong young fashion talents	11 120 fans	Yes	Around 10 reactions per post	1 Assistant Manager and 1 Marketing Executive (Note 1)	Not applicable (Note 2)
May 2012	Keep updating	TDC	@香港貿發局	Sina Weibo	To promote TDC’s services, Hong Kong lifestyle, design and original brands and Hong Kong as a business platform for Mainland companies to venture into international markets	321 668 fans	No	Avg. 5 posts per day Avg. 50 000 readings per day Avg. 30 engagements per day	1 Deputy Manager and 1 New Media Executive (Note 1)	Not applicable (Note 2)
September 2012	Keep updating	TDC	HKTDC page (Simplified Chinese)	Youku	To upload videos produced by TDC	1 529 subscribers 1 165 400 views	No	Avg. 2 videos per week Avg. 170 views per week	1 Assistant Video Producer and 1 Social Media Executive (Note 1)	Not applicable (Note 2)
September 2012	Keep updating	TDC	HKTDC page (Simplified Chinese)	Tudou	To upload videos produced by TDC	115 subscribers 834 800 views	No	Avg. 2 videos per week	1 Assistant Video Producer and 1 Social Media Executive (Note 1)	Not applicable (Note 2)
September 2012	Keep updating	TDC	HKTDC account	Google+	To provide updated news about TDC’s activities and videos	7 370 followers	No	About 1-3 posts per fair Around 5 reactions per post	1 Assistant Manager and 2 Social Media Specialists (Note 1)	Not applicable (Note 2)

Commencement date (month/year)	Status (updating in progress/ceased updating)	Bureau/agencies under its commission	Name	Social media platforms	Purpose of establishment and contents	No. of “likes”/ subscribers / average monthly visits	Regular compilation of summary of comments and follow-up (yes/no)	Average (Avg.) no. of posts per day and average no. of interactions per post (total no. of “likes”, comments and shares)	Ranks and no. of officers responsible for running the platforms	Expenditure for setting up the platforms and daily operational expenses
October 2012	Keep updating	TDC	@香港商貿通	Sina Weibo	To promote TDC’s services, Hong Kong lifestyle, design and original brands and Hong Kong as a business platform for Mainland companies to venture into international markets	61 297 fans	No	Avg. 5 posts per day Avg. 20 000 readings per day Avg. 10 engagements per day	1 Deputy Manager and 1 New Media Executive (Note 1)	Not applicable (Note 2)
January 2013	Keep updating	TDC	Fashionally	Instagram	To promote Hong Kong young fashion talents	2 559 followers	Yes	Around 40 reactions per post	1 Assistant Manager and 1 Marketing Executive (Note 1)	Not applicable (Note 2)
June 2013	Keep updating	TDC	HKTDC 香港貿發局	Facebook	To provide updated news about TDC’s activities	63 075 fans	No	1.38 post per day 389 interactions per post	1 Manager and 1 Assistant Manager (Note 1)	Not applicable (Note 2)
November 2013	Keep updating	TDC	香港貿發局	Tencent Wechat	To promote TDC’s services, fairs, research articles, business success stories, etc.	37 173 subscribers	No	Avg. 1 posts per day Avg. 500 readings per day Avg. 15 engagements per day	1 Deputy Manager and 1 New Media Executive (Note 1)	Not applicable (Note 2)
September 2014	Keep updating	TDC	HKTDC Small Orders (hktdc.com Small Orders)	Facebook	To promote the hktdc.com Small Orders transactional platform and encourage buyers to place online orders	51 416 fans	Yes	1-3 posts per day Around 4-5 interactions per post	1 Assistant Manager and 1 Marketing Executive (Note1)	Not applicable (Note 2)

Commencement date (month/year)	Status (updating in progress/ceased updating)	Bureau/agencies under its commission	Name	Social media platforms	Purpose of establishment and contents	No. of “likes”/ subscribers / average monthly visits	Regular compilation of summary of comments and follow-up (yes/no)	Average (Avg.) no. of posts per day and average no. of interactions per post (total no. of “likes”, comments and shares)	Ranks and no. of officers responsible for running the platforms	Expenditure for setting up the platforms and daily operational expenses
October 2014	Keep updating	TDC	香港貿發局展覽頻道	Tencent Wechat	To promote updated news and details of TDC exhibitions	17 931 subscribers	No	About 8-12 posts per fair	1 Assistant Manager and 2 Social Media Specialists (Note 1)	Not applicable (Note 2)
January 2015	Keep updating	TDC	香港貿發網	Tencent WeChat	To promote the TDC integrated marketplace, disseminate ecommerce news and trends, and encourage suppliers to join TDC export marketing service	18 690 followers	Yes	1-2 posts per week, Around 10-15 interactions per post	1 Assistant Manager and 1 Marketing Executive (Note 1)	Not applicable (Note 2)
February 2016	Keep updating	TDC	HKTDC LIFESTYLE	Instagram	To promote TDC lifestyle exhibitions	2 355 followers	No	About 10 posts per fair Around 30 reactions per post	1 Assistant Manager and 2 Digital Marketing Specialists (Note 1)	Not applicable (Note 2)
September 2016	Keep updating	TDC	hktdcsmallorders (hktdc.com Small Orders)	Instagram	To promote the hktdc.com Small Orders transactional platform and encourage buyers to place online orders	216 followers	Yes	1-3 posts per day Around 5-10 interactions per post	1 Assistant Manager and 1 Marketing Executive (Note 1)	Not applicable (Note 2)

Commencement date (month/year)	Status (updating in progress/ceased updating)	Bureau/agencies under its commission	Name	Social media platforms	Purpose of establishment and contents	No. of “likes”/ subscribers / average monthly visits	Regular compilation of summary of comments and follow-up (yes/no)	Average (Avg.) no. of posts per day and average no. of interactions per post (total no. of “likes”, comments and shares)	Ranks and no. of officers responsible for running the platforms	Expenditure for setting up the platforms and daily operational expenses
(1) & (2) May 2010 (3) May 2011 (4) March 2013 (5) Dec 2014 (6) Jan 2015 (7) Feb 2015	Keep updating	Hong Kong Tourism Board (HKTB)	(1) Discover Hong Kong (2) 香港逗陣行 “Let’s Go Hong Kong” (Taiwan) (3) Discover Hong Kong (Australia) (4) Discover Hong Kong - 香港政府觀光局 (Japan) (5) Discover Hong Kong - 홍콩 여행의 모든 것 (South Korea) (6) Discover Hong Kong - Khám phá Hong Kong (Vietnam) (7) Discover Hong Kong - غنوه فشتك! غنوك (Middle East)	Facebook	To disseminate Hong Kong’s travel information to overseas visitors	Over 3 936 900 fans	Yes	Avg. 1 post per day Avg. 19 000 engagement per post	A total of 5 staff members under Digital Marketing department, (including 1 Manager, 1 Assistant Manager, 2 Senior Executives and 1 Executive) (Note 1)	Not applicable (Note 2)

Commencement date (month/year)	Status (updating in progress/ceased updating)	Bureau/agencies under its commission	Name	Social media platforms	Purpose of establishment and contents	No. of “likes”/ subscribers / average monthly visits	Regular compilation of summary of comments and follow-up (yes/no)	Average (Avg.) no. of posts per day and average no. of interactions per post (total no. of “likes”, comments and shares)	Ranks and no. of officers responsible for running the platforms	Expenditure for setting up the platforms and daily operational expenses
2009	Keep updating	HKTB	Hong Kong Tourism Board	Sina Weibo	To disseminate Hong Kong’s travel information to overseas visitors	Over 1 984 500 Subscribers	Yes	Avg. 1 post per day Avg. 150 engagement per post	A total of 5 staff members under Digital Marketing department, (including 1 Manager, 1 Assistant Manager, 2 Senior Executives and 1 Executive) (Note 1)	Not applicable (Note 2)
(1) 2013 (2) 2010 (3) 2011 (4) 2010	Keep updating	HKTB	(1) DiscoverHK (2) HongKong Tourism (US) (3) HKTourism UK (UK) (4) HKTB_JP (Japan)	Twitter	To disseminate Hong Kong’s travel information to overseas visitors	About 469 800 Subscribers	Yes	Avg. 1 post per day Avg. 180 engagement per post	A total of 5 staff members under Digital Marketing department, (including 1 Manager, 1 Assistant Manager, 2 Senior Executives and 1 Executive) (Note 1)	Not applicable (Note 2)

Commencement date (month/year)	Status (updating in progress/ceased updating)	Bureau/agencies under its commission	Name	Social media platforms	Purpose of establishment and contents	No. of “likes”/ subscribers / average monthly visits	Regular compilation of summary of comments and follow-up (yes/no)	Average (Avg.) no. of posts per day and average no. of interactions per post (total no. of “likes”, comments and shares)	Ranks and no. of officers responsible for running the platforms	Expenditure for setting up the platforms and daily operational expenses
October 2007	Keep updating	HKTb	(1) Discover Hong Kong (2) Discover Hong Kong (Taiwan)	YouTube	To release promotional videos of the HKTb, tourist attractions and international sporting and cultural events	About 34 000 Subscribers over 28 000 000 Total views of videos:	Yes	Avg. 3 videos uploaded per month Avg. 20 000 views per video	A total of 5 staff members under Digital Marketing department, (including 1 Manager, 1 Assistant Manager, 2 Senior Executives and 1 Executive) (Note 1)	Not applicable (Note 2)
2013	Keep updating	HKTb	Discover Hong Kong	Instagram	To release promotional images related to Hong Kong’s travel	Over 240 700 Subscribers	Yes	Avg. 2 posts per day Avg. 4 800 engagement per day	A total of 5 staff members under Digital Marketing department, (including 1 Manager, 1 Assistant Manager, 2 Senior Executives and 1 Executive) (Note 1)	Not applicable (Note 2)

Commencement date (month/year)	Status (updating in progress/ ceased updating)	Bureau/agencies under its commission	Name	Social media platforms	Purpose of establishment and contents	No. of “likes”/ subscribers / average monthly visits	Regular compilation of summary of comments and follow-up (yes/no)	Average (Avg.) no. of posts per day and average no. of interactions per post (total no. of “likes”, comments and shares)	Ranks and no. of officers responsible for running the platforms	Expenditure for setting up the platforms and daily operational expenses
2013	Keep updating	HKTb	(1) Hong Kong Tourism Board (for Mainland market) (2) Let’s Go Hong Kong (Taiwan)	WeChat	To disseminate Hong Kong’s travel information to overseas visitors	Over 313 500 Subscribers	Yes	Avg. 1 post per day Avg. 5 500 reach per post	A total of 5 staff members under Digital Marketing department, (including 1 Manager, 1 Assistant Manager, 2 Senior Executives and 1 Executive) (Note 1)	Not applicable (Note 2)
Mid-February 2017	Updating in progress	Competition Commission	Competition Commission	LinkedIn	To reach out to business and professional communities through regular updates of the Competition Commission’s activities and career opportunities	15 subscribers About 60 page views	No	Not applicable	Included in the existing manpower	Not applicable (Note 2)
October 2014	Updating in progress	Competition Commission	Competition Commission	YouTube	To post educational videos and TV Announcements of Public Interests (APIs) to raise public awareness as well as to educate on the benefits and major elements of the Competition Ordinance	117 subscribers About 15 000 average monthly views	No	Not applicable	Included in the existing manpower	Not applicable (Note 2)

Commencement date (month/year)	Status (updating in progress/ ceased updating)	Bureau/agencies under its commission	Name	Social media platforms	Purpose of establishment and contents	No. of “likes”/ subscribers / average monthly visits	Regular compilation of summary of comments and follow-up (yes/no)	Average (Avg.) no. of posts per day and average no. of interactions per post (total no. of “likes”, comments and shares)	Ranks and no. of officers responsible for running the platforms	Expenditure for setting up the platforms and daily operational expenses
August 2013	Keep updating	Consumer Council	Hong Kong Consumer Council	YouTube	To disseminate information of Consumer Council	303 “Likes” 857 Subscribers 12 762 views (1 st Feb 2016- 28 th Feb 2017)	Yes	Total No. of updates: 31 (1 st Feb 2016- 28 th Feb 2017)	1 Officer (Note 1)	Not applicable (Note 2)
July 2016	Keep updating	Consumer Council	Hong Kong Choice	Facebook	To disseminate information of Consumer Council	4 253 “Likes” 4 276 Subscribers 89 397 Average monthly post reaches (14 th July 2016- 28 th Feb 2017)	Yes	Avg. 0.4 post per day Avg. 55 interactions per post (14 th July 2016- 28 th Feb 2017)	1 Officer (Note 1)	Not applicable (Note 2)

Commencement date (month/year)	Status (updating in progress/ ceased updating)	Bureau/ agencies under its commission	Name	Social media platforms	Purpose of establishment and contents	No. of “likes”/ subscribers / average monthly visits	Regular compilation of summary of comments and follow-up (yes/no)	Average (Avg.) no. of posts per day and average no. of interactions per post (total no. of “likes”, comments and shares)	Ranks and no. of officers responsible for running the platforms	Expenditure for setting up the platforms and daily operational expenses
April 2016 [For internal ref: 1 st batch: Apr 27-29, May 3-5, 10-12, 24-26, 31, Jun 1, 2, 14-16 2 nd batch: Oct 18-20, Nov 1-3, 8-10, 22-24, 29,30, Dec 1-4]	One-off advertisement	Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)	Not Applicable	YouTube	To promote success stories of IP trading	Not applicable	Not applicable	Not applicable	Subsumed in existing manpower	\$100,000 (This is for one-off publicity expenditure)

Commencement date (month/year)	Status (updating in progress/ceased updating)	Bureau/agencies under its commission	Name	Social media platforms	Purpose of establishment and contents	No. of “likes”/ subscribers / average monthly visits	Regular compilation of summary of comments and follow-up (yes/no)	Average (Avg.) no. of posts per day and average no. of interactions per post (total no. of “likes”, comments and shares)	Ranks and no. of officers responsible for running the platforms	Expenditure for setting up the platforms and daily operational expenses
July 2015	Keep updating	Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)	Retail Has It All	Facebook	To share industry information and funny stories in a lively manner to attract the target audience of youngsters, with a view to promoting the industry image	672 “Likes”	Yes	Avg. 0.08 posts per day Avg. 99 interactions per post	Maintained by a contractor	Average monthly expenditure \$49,042

Note 1: It is part of the work of the relevant staff to develop/manage the social networking platforms.

Note 2: This branch/departments/organisations deploy existing resources to develop/manage the social networking platforms. While the concerned staff of some organisations also need to take up other duties. The expenditure has been subsumed under the estimates of the daily operational expenses of the branch/departments/organisations. It is difficult to quantify such expenditure separately.

CONTROLLING OFFICER'S REPLY**CEDB(CIT)137****(Question Serial No. 0052)**

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (7) Subvention : Hong Kong Tourism Board

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

In either the work plan of the Hong Kong Tourism Board (HKTb) for 2017-18, or the 5 areas of work to be taken forward by the HKTb under an additional allocation of \$238 million as announced in the Budget, there was no mention of how to tie in with the Belt and Road Initiative of the State and explore new tourism markets along the Belt and Road region. Please advise, among the HKTb's 21 worldwide offices, how many of them are situated in the Belt and Road countries? Please tabulate the Belt and Road countries where tourism promotion programmes had been launched in the past 3 years, are being launched and planned to be launched in 2017-18; and list in detail the manpower and expenditure involved in each of the tourism promotion programmes in the Belt and Road countries.

Asked by: Hon NG Wing-ka, Jimmy (Member Question No. 1)

Reply:

Currently, the Hong Kong Tourism Board (HKTb) has a number of worldwide offices and representative offices located along the Belt and Road region to carry out the HKTb's promotion work. Locations of those worldwide offices and representative offices are shown below:

Year	Worldwide Offices or Representative Offices
Since 2013	Mainland China, Indonesia, Malaysia, the Philippines, Singapore, Thailand, Vietnam, India, Russia, the United Arab Emirates

The tourism industry can tap on the opportunities brought by the Belt and Road Initiative and strengthen cooperation with countries along the Belt and Road region to develop tourism products featuring multi-destination travel.

The HKTB has been working closely with provinces and cities in the Mainland such as Guangdong and Macao to promote multi-destination travel itineraries and related products in overseas markets to attract more international visitors to the region. To tie in with the development of the Belt and Road Initiative, the HKTB will explore the opportunities in boosting multi-destination travel.

Under the Belt and Road regional cooperation, cruise tourism is another area that can leverage on the development of Maritime Silk Road. In recent years, the HKTB has been actively expanding regional cooperation in cruise tourism through the Asia Cruise Cooperation (ACC). By collaborating with the ACC ports, including Hainan and Xiamen locating along the Maritime Silk Road, the HKTB encourages cruise lines to develop cruise itineraries that cover the ACC ports, as well as launch joint promotions, with a view to promoting cruise tourism development in Asia.

The HKTB will continue to explore opportunities for tourism cooperation with provinces and cities in the Mainland, and other countries along the Belt and Road region, with an aim to open up regional business opportunities.

The abovementioned promotions are undertaken by various departments in the HKTB's head office and worldwide offices. The HKTB does not have expenditure breakdown for the abovementioned promotion work.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)138

(Question Serial No. 2077)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The tourism industry of Hong Kong has entered a period of consolidation. The total visitor arrivals last year recorded a decline of 4.5% owing to a drop in the number of Mainland visitors. In response, the Budget has introduced a series of support measures, including the planned development of the former Kai Tak Airport runway tip and the area around the Kwun Tong waterfront into the Kai Tak Tourism Node (TN). However, public opinion shows that there are concerns about the unclear positioning of the TN, and even the possible degeneration of the TN into a real estate project. In this connection, please advise this Council of the following:

- (a) What are the planning scheme and tendering procedure for the TN? How can the Government ensure that the project is clearly positioned and sufficiently attractive?
- (b) What will be the financial resources and manpower deployed for the construction of the TN? Will the Government deploy additional resources and manpower for the TN when necessary to ensure that the project lives up to the status of a world-class tourism, entertainment and leisure attraction?

Asked by: Hon NG Wing-ka, Jimmy (Member Question No. 8)

Reply:

The Government is taking forward the Kai Tak Tourism Node (Tourism Node) project for developing it into a world-class tourist and leisure attraction to draw local and worldwide visitations. According to the current Kai Tak Outline Zoning Plan, the site is zoned for tourism related uses including commercial, hotel and entertainment uses, which does not include residential development. The Tourism Commission is working with relevant policy bureaux and departments on tender arrangement and will announce the details within this year.

The Tourism Commission will deploy existing manpower and create two posts for 48 months (i.e. one Senior Town Planner and one Senior Estate Surveyor) to take forward the Tourism Node project. We will review the workload and staffing position from time to time. The expenditure incurred for the creation of two posts for 2017-18 is \$2.614 million.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)139****(Question Serial No. 3184)**

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (5) Subvention: Consumer Council

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Consumer Council (CC) discharges a variety of functions. In this connection, will the Government inform this Committee of the following:

- (a) the number of times of “conducting product tests and research” by the CC in the past 5 years and the expenditure involved (please provide a breakdown by year);
- (b) the number of times of “facilitating consumers to seek redress through the use of the Consumer Legal Action Fund” by the CC in the past 5 years and the amount of money involved (please provide a breakdown by year);
- (c) the details of “empowering consumers through education and publicity campaigns” by the CC in the past 5 years, as well as the manpower and expenditure involved (please provide a breakdown by year)?

Asked by: Hon NG Wing-ka, Jimmy (Member Question No. 2)

Reply:

(a) Information on product tests and research conducted by the Consumer Council (the Council) in the past five years are set out as follows:

Calendar year	Product tests	Consumer surveys	In-depth studies	Studies of general interest
2012	43	27	25	16
2013	43	23	28	15
2014	43	25	27	18
2015	42	35	24	23
2016	42	31	29	19

The Council's expenditures on testing and research are incorporated into the Government's recurrent subvention for the Council. It is difficult to quantify them separately.

(b) In the past five years, the number of assisted applications handled by the Consumer Legal Action Fund each year (including newly assisted applications and assisted applications carried over from previous year) is set out in the table that follows. It should be noted that generally speaking an assisted application may require more than one year to handle:

Financial year	Number of newly assisted applications and assisted applications carried over from previous year handled by the Fund
2011-12	16
2012-13	16
2013-14	18
2014-15	11
2015-16	12

The amount of monetary claims involved in the above assisted applications ranges from \$6,000 to about \$1 million. There are also other relief sought such as declaratory relief.

(c) The Council has all along been organising educational activities such as talks, workshops and seminars, to equip consumers from all walks of life with the relevant skills and knowledge to facilitate rational and responsible consumption.

In terms of publicity, the Council holds a press conference on a monthly basis in tandem with publication of the “CHOICE” Magazine to release the latest consumer information to the public. The Council also organises campaigns such as the Consumer Rights Reporting Awards and Top 10 Consumer News each year, so as to promote awareness of consumer protection among the public. The Council has also recently revamped its website and launched a Facebook page to widen its outreach.

In addition to the aforementioned regular educational programmes and publicity campaigns, the Council also organises various events on a project basis, such as the roving exhibition in celebration of its 40th Anniversary; the production of a series of infotainment videos promoting the amended Trade Description Ordinance, collaboration with non-governmental organisations in arranging educational activities, and youth development programmes.

The Council’s permanent manpower and expenditures on publicity and education are incorporated into the Council’s establishment and the Government’s recurrent subvention for the Council. It is difficult to quantify them separately.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)140

(Question Serial No. 0658)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Government mentioned that it will continue to work closely with the Travel Industry Council of Hong Kong (TIC) for regulating the tourism industry. Please provide the following information:

- a. Regarding TIC's Directive No. 194 (members which assign tourist guides to receive inbound tours organised in mainland China shall make payment of service remunerations (including a basic remuneration/salary, a tour-guiding fee, etc.) to the tourist guides concerned to prevent them from relying on shopping commission as their major source of income) and Directive No. 195 (members shall not require tourist guides to bear or unreasonably advance any payments for inbound tours organised in mainland China), please list the number of travel agents penalised for breaching such directives and the relevant penalties in the past 3 years.
- b. The Government is drafting the Travel Industry Bill and making preparations for setting up the Travel Industry Authority (TIA). Before the establishment of the TIA, what are the specific measures taken by the Government to monitor the compliance of travel agents with the aforementioned directives to ensure that tourist guides can receive basic remuneration and do not have to bear unreasonable advance payments?

Asked by: Hon POON Siu-ping (Member Question No. 15)

Reply:

- a. From 2014 to 2016, the Travel Industry Council of Hong Kong (TIC) handled 5 suspected cases of contravening Directive No. 194 and Directive No. 195, which involved 1 Hong Kong travel agent. The TIC found the above 5 cases substantiated, and penalised the travel agent concerned with a fine and demerit points.

- b. In formulating the Travel Industry Bill, the Administration has stressed to the trade that before the full commencement of the new regulatory regime, travel agents must continue to comply with the regulatory requirements of the TIC (including TIC Directives No. 194 and 195). Before the implementation of the new regulatory regime, the Administration will continue to fully support the TIC to undertake its regulatory work. During this period, if a travel agent's non-compliance with the TIC's regulatory requirements is serious in nature that its membership is terminated by the TIC, its licence will also be revoked by the Registrar of Travel Agents in accordance with the existing Travel Agents Ordinance (Cap. 218). When in future travel trade members apply to the Travel Industry Authority for licences or renewal of licences, the Authority will also consider their compliance records under the TIC's regulatory regime in order to determine whether they are suitable to hold licences.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)141

(Question Serial No. 0036)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

As regards the extension of the application period of the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD fund), will the Government inform this Committee of:

1. the total amount of funds granted, the number of applications received and approved, as well as the type of industries involved as at today;
2. whether the funding scope of the BUD Fund will be extended to other emerging markets, such as those in the Southeast Asia, other than the Mainland? If yes, what are the details? If not, what are the reasons?

Asked by: Hon SHEK Lai-him, Abraham (Member Question No. 1)

Reply:

The Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) was launched in June 2012. Up to the end of February 2017, 1 594 and 139 applications (excluding all applications withdrawn) under the Enterprise Support Programme (ESP) and the Organisation Support Programme (OSP) of the BUD Fund respectively were processed. Of them, 806 ESP applications and 59 OSP applications were approved, and the total amount of funding approved was about \$287 million and \$194 million for ESP and OSP respectively.

The breakdown of approved BUD Fund projects by industry as at end of February 2017 is as follow:

Industry	Enterprise Support Programme*	Organisation Support Programme
<i>Manufacturing industries</i>		
Electronics	48 (6%)	3 (5.1%)
Textile and Clothing	46 (5.7%)	3 (5.1%)
Metal Products	24 (3%)	1 (1.7%)
Toys	24 (3%)	2 (3.4%)
Plastics	23 (2.9%)	1 (1.7%)
Watches and Clocks	19 (2.4%)	1 (1.7%)
Jewellery	16 (2%)	1 (1.7%)
Electrical Appliances	15 (1.9%)	0 (0%)
Industrial Machinery	14 (1.7%)	1 (1.7%)
Food and Beverage	14 (1.7%)	3 (5.1%)
Chemical and Biotechnology	7 (0.9%)	0 (0%)
Printing and Publishing	6 (0.7%)	2 (3.4%)
Medical and Optical Devices	4 (0.5%)	2 (3.4%)
Environmental Industries	3 (0.4%)	1 (1.7%)
Footwear	1 (0.1%)	2 (3.4%)
Other manufacturing industries	98 (12.2%)	8 (13.6%)
Sub-total	362 (44.9%)	31 (52.5%)
<i>Non-manufacturing industries</i>		
Wholesale and Retail	232 (28.8%)	0 (0%)
Import and Export Trade	95 (11.8%)	1 (1.7%)
Information Technology	33 (4.1%)	5 (8.5%)
Creative Industries	16 (2%)	2 (3.4%)
Transportation and Logistics	14 (1.7%)	2 (3.4%)
Professional Services (including legal and accounting services)	9 (1.1%)	2 (3.4%)
Advertisement, Sales and Marketing	8 (1%)	0 (0%)

Industry	Enterprise Support Programme*	Organisation Support Programme
Education Services	3 (0.4%)	0 (0%)
Restaurants and Hotels	2 (0.2%)	0 (0%)
Tourism	2 (0.2%)	0 (0%)
Engineering	2 (0.2%)	0 (0%)
Construction	2 (0.2%)	0 (0%)
Personal Care Services	2 (0.2%)	0 (0%)
Telecommunications	1 (0.1%)	0 (0%)
Testing & Certification	0 (0%)	1 (1.7%)
Other non-manufacturing industries	23 (2.9%)	1 (1.7%)
Sub-total	444 (55.1%)	14 (23.7%)
<i>Cross-sector</i>	0 (0%)	14 (23.7%)
Total	806 (100%)	59 (100%)

Note: Figures in brackets denote the percentages out of the respective total numbers. Percentages may not add up to 100% due to rounding.

* Enterprises involved in more than one industries are categorised based on their core business or the business with a larger scale.

The aim of the BUD Fund is to assist enterprises in enhancing competitiveness and furthering business development in the Mainland through developing brands, upgrading and restructuring operations and promoting domestic sales in the Mainland. On exploring overseas market, The SME Export Marketing Fund (EMF) administered by the Trade and Industry Department (TID) aims to encourage small and medium enterprises (SMEs) to tap external markets, including emerging markets by providing them with financial assistance to participate in export promotion activities. The SME Development Fund (SDF) also provides financial support to non-profit-distributing organisations (including trade and industrial organisations, professional bodies, research institutes, etc.) to implement projects which aim at enhancing the competitiveness of Hong Kong SMEs in general or in specific sectors. The SDF has no restriction in location.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)142****(Question Serial No. 0048)**

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (7) Subvention : Hong Kong Tourism Board

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

According to paragraph 111, the Government will strengthen tourism promotion in mainland and overseas. In this connection, will the Government advise :

- (a) the proportion (in percentage term) of resources allocated for promoting Hong Kong tourism in mainland and overseas in last 5 years;
- (b) given the implementation of "one trip per week" Individual Visit Endorsements, whether it had adjusted the strategy on tourism promotion; if yes, of the details; if no, of that reasons?
- (c) Given the rise of Non-Mainland visitor arrivals, what will the Government do to strengthen the publicity works to attract more Southeast Asian and long-haul overnight visitor arrivals to Hong Kong?

Asked by: Hon SHEK Lai-him, Abraham (Member Question No. 44)

Reply:

- (a) This chart shows the Hong Kong Tourism Board's (HKTb) investment proportion in the Mainland and international markets in the past five years:

Year	Mainland China	International
2012-13	29.5%	70.5%
2013-14	27.7%	72.3%
2014-15	24.7%	75.3%
2015-16	23.2%	76.8%
2016-17*	38.0%	62.0%

* The 2016-17 revised estimates include the additional funding from the 2016-17 Budget for rolling out various marketing initiatives in the Mainland and international markets.

- (b) The Government all along has overall planning of tourism facilities in the short, medium and long term. In terms of policy objective, we emphasise that Hong Kong tourism industry should not aim solely at continuous growth in the number of visitors, but should instead pursue balanced, healthy and long-term development. In terms of tourism promotion strategy, our focus is to showcase the unique elements of Hong Kong and promote our diversified tourism products with a view to expanding source markets and attracting more high-spending overnight visitors to Hong Kong.

To further increase Hong Kong's tourism receipts from the Mainland market, the HKTb will continue to focus on attracting overnight arrivals in 2017-18. Of the HKTb's marketing resources allocated to the Mainland, 80% will go to non-Guangdong areas and 20% will go to Guangdong Province to draw overnight visitors.

Apart from investing in tier-one cities like Beijing and Shanghai, the HKTb will also step up its promotion in tier-two and tier-three cities to attract more first-timers to Hong Kong. Promotion works include broadcasting brand-new promotional videos on online media in the Mainland to highlight the unique and diverse experiences offered by Hong Kong, working with major digital and social media platforms and online news portals to facilitate the release of travel information and partnering with major online platforms specialised in selling travel products, payment platforms, lifestyle portals and social media in the Mainland to promote travel products and offers to attract more Mainland visitors to Hong Kong.

In addition, the HKTb will use \$31 million out of the \$238 million additional funding as stated in the 2017-18 Budget to strengthen Hong Kong's positive image in the Mainland and elevate promotion of the Quality and Honest Hong Kong Tours and Quality Tourism Services Scheme.

- (c) The HKTb has always strived to maintain a diverse market portfolio. In 2017-18, the HKTb will continue to focus its marketing resources on 20 key markets, which together generate approximately 96% of all visitor arrivals to Hong Kong. The HKTb will invest 76% of its marketing budget in the international markets, of which 50% will be invested in short-haul markets such as Taiwan, Japan, South Korea and Southeast Asia, and 37% will go to long-haul markets.

The HKTb's key marketing initiatives for the Southeast Asian markets include:

- broadcast brand-new promotional videos on markets' TV stations and digital media, and produce travelogues to highlight the unique and diverse experiences offered by Hong Kong;
- collaborate with local trade partners, airlines, hotels and tourist attractions to provide offers and special tour products for family visitors and the young segment in short-haul markets, such as Southeast Asia, to attract overnight visitors.

The HKTB's strategy and key marketing initiatives for the long-haul markets include:

- make use of public relations initiatives and digital marketing channels to maintain Hong Kong's presence;
- in view of the popularity of "multi-destination" travel among long-haul visitors, the HKTB will work closely with tourism authorities in the Pearl River Delta region and other travel destinations to promote "multi-destination" itineraries and products featuring Hong Kong in long-haul markets such as India, North America and Russia.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)143

(Question Serial No. 0049)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (7) Subvention : Hong Kong Tourism Board

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

According to paragraph 111, the Government will continue to implement the matching fund for promoting tourist attractions. The 10 million of one-off matching fund for overseas tourism promotion was previously granted to some new attractions, such as Noah's Ark, PMQ, sky100 Observation Deck and so on. In this regard, whether the Government had evaluated the effectiveness of the matching fund? Besides, whether the Government has any plans to further strengthen the popularity of the new attractions in Hong Kong?

Asked by: Hon SHEK Lai-him, Abraham (Member Question No. 45)

Reply:

In September 2015, the Government allocated an additional funding of \$10 million for setting up the Matching Fund for Overseas Tourism Promotion by Tourist Attractions (MFTA), providing local attractions with dollar-for-dollar subsidies to enhance their overseas promotions. The Hong Kong Tourism Board (HKTb) has been tasked to handle the applications and the funding allocation.

Up till now, three phases of MFTA have been rolled out and applications from various attractions involving 223 promotions have been approved. The markets covered include the Mainland, Taiwan, South Korea, Japan, Southeast Asia, India, the US and Australia, etc.

All applications for the MFTA were assessed by an assessment committee with members who are experienced in the tourism and related sectors. The assessment criteria include the effectiveness of the promotion proposals in enhancing the exposure for the tourist attractions and showcasing Hong Kong's diverse offerings as a tourist destination; the soundness of the proposals in reaching out to consumers in the source markets and raising their interest in coming to Hong Kong; and the specific publicity contents of the programmes, etc. These criteria aim to ensure the effectiveness of the approved promotions. Besides, as the MFTA is operated as dollar-for-dollar subsidies, the

attractions are required to invest the same resources for promotion. Each attraction is obliged to submit documents in relation to the promotion activities such as receipts, promotion materials or overseas media coverage, etc. for HKTb's evaluation in order to ensure the funding is well spent.

In 2017-18, apart from rolling out new phases of MFTA to help enhance overseas promotions of local attractions, the HKTb will continue to promote tourism attractions in Hong Kong to overseas trade partners, visitors and media through trade activities, consumer trade shows, digital promotions, collaterals, visitor centres, hotlines and PR initiatives. The HKTb will partner with travel and related sectors, including local attractions, to launch discounts and special tour products targeted young segment and families in a number of source markets. In addition, to commemorate the 20th anniversary of the establishment of the Hong Kong Special Administrative Region, the HKTb will cooperate with a number of attractions to promote offers and attract visitors.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)144

(Question Serial No. 2563)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Under this Programme, the provision for 2017–18 is \$520.8 million (239.6%) higher than the revised estimate for 2016–17. Will the Government explain in detail the reasons involved and list out the breakdown of estimates of expenditure by individual task?

Asked by: Hon SHIU Ka-fai (Member Question No. 35)

Reply:

CITB and the Belt and Road Office's consolidated replies are as follows:

The higher estimated expenditure under Programme (2) for 2017-18 against the revised estimate for 2016-17 is mainly due to-

- The increase in cash flow requirement for the Special Concessionary Measures under the SME Financing Guarantee Scheme, which accounts for \$412 million. Under the special concessionary measures of the SME Financing Guarantee Scheme, the Government is required to pay sufficient amount of funds to the Hong Kong Mortgage Corporation Limited in meeting the requirements of payments for default compensations and the necessary out-of-pocket expenses. The estimated cash flow requirements under the measures may fluctuate every year.
- The increase in cash flow requirement for the Measures for Manpower Development of Retail Industry, which accounts for \$3.55 million.

- The beginning of cash flow requirement for the Professional Services Advancement Support Scheme (PASS), which accounts for \$40 million. PASS was launched in November 2016. The first batch of funded projects is expected to roll out in mid-2017.
- The inclusion of the estimated overall expenditure of the Belt and Road Office (BRO), which accounts for \$35.038 million. This is mainly for beefing up the office's establishment and resources to ensure that the office can take forward the work under the Belt and Road Initiative more effectively and on a long-term basis.
- The estimated increase of \$5 million for the subscription to the WTO and increase in the departmental expenses.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)145

(Question Serial No. 2565)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

During 2017-18, the Commerce, Industry and Tourism Branch will spearhead and monitor the implementation of the pilot scheme on food trucks. What is the expenditure incurred for the current implementation of the scheme? What are the details of the plan, if any, for further promoting the scheme?

Asked by: Hon SHIU Ka-fai (Member Question No. 36)

Reply:

The Food Truck Pilot Scheme (the Scheme) aims to add fun and vibrancy to tourist attractions in Hong Kong by providing diverse, creative and high quality food options to tourists and the locals while at the same time showcasing good hygiene and food safety. The Government has earmarked \$9.235 million for the implementation of the Scheme for 2017-18.

The Scheme is positioned as a tourism project. Under the framework of the Scheme, food trucks shall operate at the designated attractions. In fact, there are many restaurants in Hong Kong and their burdens of rental fees are not light. In identifying the location of food truck pitch, the Tourism Commission (TC) has taken into consideration the need of avoiding direct competition with the existing restaurants. Furthermore, the streets in Hong Kong are generally narrow and the truck occupies a sizeable area on the road. It will cause obstruction if food trucks are allowed to be stationed anywhere. TC has also taken into account various factors including the availability of venue management for the locations, enough room for accommodating food trucks and queuing up by customers, adequate patronage, convenience to reach, etc. and took a balance of all considerations in identifying the eight operating locations.

The framework of the Scheme has provided sufficient flexibility for the operation of food trucks. Food trucks are allowed to adjust their operating hours according to their need after negotiation with venue management. Food truck operators can also devise other food dishes besides the mandatory signature dish (the dish presented at the Cook-off Challenge) at different operating locations. Food truck operators are also allowed to formulate their own promotional strategies without restrictions. Notwithstanding this, operators have to comply with the licensing requirements of Food Factory Licence (FFL) issued under the Food Business Regulation (Cap 132X) and ensure their fulfillment of the high standard of food safety and environmental hygiene in Hong Kong. Food truck operation follows commercial principles. Similar to the practice of paying rental fee for running a typical restaurant, food truck operators also have to pay service charge. At present, operators are only required to pay a service charge ranging between \$302 - \$723 per day which already includes parking fee, electricity and cleansing services, etc. Some operators have expressed satisfaction to TC on the current supporting services and arrangement of the Scheme.

According to TC's observation on the operation of food trucks, business may be different for different operators operating at the same location, which is hinged very much on the business strategies of the operator and the attractiveness of the food sold. For instance, the daily average number of customers for different food trucks at Central Harbourfront Event Space and Ocean Park can vary to a large extent and the figure of one truck can be even more than one to two times than that of the others. TC understands that there was operator earning more than HK\$13,000 revenue per day in the first month and operator earning more than HK\$30,000 of average daily revenue in the second trading period, which is comparable to that of the typical restaurants.

In fact, food truck is a business venture similar to running a typical restaurant. While the operating location and its pedestrian flow will definitely affect the sales revenue, whether the food truck operators could make profit depends on whether the operators have implemented proactive operating strategies, such as cost control, labour deployment, whether prices of the food are reasonable and appealing to customers, whether social media platforms or other channels are utilized for promotion, etc. The Government will continue to keep in view the situation of particular operating locations and conduct review from time to time, and maintain flexibility for enhancement, such as considering other operating locations if they meet the positioning and requirements of the Scheme.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)146

(Question Serial No. 2566)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

During 2017-18, the Commerce, Industry and Tourism Branch will continue to work with the trade, the Hong Kong Tourism Board, the Travel Industry Council of Hong Kong, the Consumer Council and the Mainland authorities to promote quality and honest tourism. Will the Government advise on the details of the plan, the implementation timetable and the estimated expenditure involved?

Asked by: Hon SHIU Ka-fai (Member Question No. 37)

Reply:

The HKSAR Government has all along joined hands with the relevant organisations in Hong Kong and the Mainland tourism authorities to promote quality and honest tourism. The Travel Industry Council of Hong Kong signed a cooperation agreement with the Tourism Administration of Guangzhou Municipality on 30 December 2015, under which travel agents in Guangzhou and Hong Kong are encouraged to join the Red List for “Quality and Honest Hong Kong Tours” (Q&H Tours) for promoting quality and honest tourism. Currently, there are 40 travel agents in Guangzhou and 139 travel agents in Hong Kong on the Red List.

In addition, the Hong Kong Tourism Board (HKTb) has been working closely with quality travel agents in the Mainland to promote Q&H Tours across the nation. In 2017-18, the HKTb will step up promotion of Q&H Tours in the Mainland. The HKTb will join hands with Mainland trade partners to promote Q&H Tours in different cities of the Mainland, especially those in Northeast, North and West China, by encouraging consumers to choose quality travel products through major media organisations and travel websites.

The HKTB's marketing budget for the Mainland market in 2017-18 is estimated to be \$37.5 million, which covers the expenditure for promoting Q&H Tours. In addition, the Government will provide the HKTB with additional funding of \$238 million in 2017-18, of which \$3 million will be deployed to enhance the promotion of Q&H Tours in the Mainland.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)147

(Question Serial No. 2569)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (5) Subvention: Consumer Council

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

In 2017-18, the Consumer Council will continue efforts in advocating for policies in support of consumer protection and sustainable consumption. Will the Government advise on the details, implementation timetable and estimated expenditure involved of the plans concerned?

Asked by: Hon SHIU Ka-fai (Member Question No. 38)

Reply:

The Consumer Council (the Council) will conduct various studies, formulate education programmes and advocate policy proposals in 2017-18. Studies topics include consumer protection in the event of corporate insolvency and cooling-off period, and the studies are expected to be completed by 2017. As regards education programmes, the Council will continue to organise a variety of seminars and workshops, as well as the Consumer Culture Study Award. Relevant expenditures have been subsumed within the recurrent expenditures of the Council and it is difficult to quantify them separately.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)148

(Question Serial No. 2573)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (5) Subvention: Consumer Council

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

In 2017-18, the Consumer Council will explore new channels to enhance its communication network. Will the Government advise on the details, industries concerned, implementation timetable and estimated expenditure involved of the relevant plans?

Asked by: Hon SHIU Ka-fai (Member Question No. 39)

Reply:

In 2017-18, the Consumer Council (the Council) plans to examine how to strengthen the content of the "Choice" Magazine, and use means such as multimedia and social media to provide a range of consumer information and enhance interaction with consumers.

Relevant expenditures have been subsumed within the recurrent expenditures of the Council and it is difficult to quantify them separately.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)149

(Question Serial No. 2575)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

In 2017-18, the Commerce, Industry and Tourism Branch will conduct a tender exercise to continue the provision of the Government Electronic Trading Services (GETS) until the full implementation of the single window (SW) initiative. Would the Government advise on the details, objectives, implementation timetable and estimated expenditure of the work concerned?

Asked by: Hon SHIU Ka-fai (Member Question No. 40)

Reply:

The Government Electronic Trading Services (GETS) is a front-end electronic service mandatory for the trading community to submit four commonly used trade documents (i.e. Import and Export Declaration, Certificate of Origin, Dutiable Commodities Permit and Cargo Manifest for air and sea modes) to the Government via private sector service providers. Contracts with the current service providers will run until end 2018, and the Government will continue the GETS model to tide over until the full implementation of the Trade Single Window initiative. To this end, the Government will conduct a tender exercise in 2017 with a view to appointing service providers for the provision of GETS from 2019 onwards. The expenditure required for the tender exercise has been subsumed under the overall estimated expenditure of the Commerce, Industry and Tourism Branch. It would be difficult to quantify it separately.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)150****(Question Serial No. 2055)**

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Regarding visitors to Hong Kong, will the Government advise this Committee of:

(a) the information relating to visitor arrivals to Hong Kong as set out in the following table in each year between 2014 and 2016:

Year	Long-haul visitors		Short-haul visitors (excluding those from the Mainland)		Mainland visitors (excluding those under the Individual Visit Scheme)		Mainland visitors under the Individual Visit Scheme (excluding those on multiple-entry Individual Visit Endorsements)		Visitors travelling on multiple-entry Individual Visit Endorsements	
	Over-night visitors	Same-day visitors	Over-night visitors	Same-day visitors	Over-night visitors	Same-day visitors	Over-night visitors	Same-day visitors	Over-night visitors	Same-day visitors
2013										
Total										
2014										
Total										
2015										
Total										

(b) the information relating to the expenditure incurred by visitors to Hong Kong as set out in the following table in each year between 2014 and 2016:

Year	Long-haul visitors		Short-haul visitors (excluding those from the Mainland)		Mainland visitors (excluding those under the Individual Visit Scheme)		Mainland visitors under the Individual Visit Scheme (excluding those on multiple-entry Individual Visit Endorsements)		Visitors travelling on multiple-entry Individual Visit Endorsements	
	Over-night visitors	Same-day visitors	Over-night visitors	Same-day visitors	Over-night visitors	Same-day visitors	Over-night visitors	Same-day visitors	Over-night visitors	Same-day visitors
Expenditure incurred in Hong Kong (\$ million)										
Per capita spending (\$)										
Total expenditure (\$ million)										

(c) the cities with residents visiting Hong Kong under the Individual Visit Scheme in each year between 2014 and 2016, their percentages of the total number of visitors under the Individual Visit Scheme and the comparative changes over corresponding periods.

Asked by: Hon TIEN Puk-sun, Michael (Member Question No. 18)

Reply:

(a) According to the information provided by the Hong Kong Tourism Board (HKTb), the number of visitor arrivals by major source markets in individual year between 2014 and 2016 are as follows:

Year	Long-haul arrivals (million)		Short-haul arrivals (excluding the Mainland) (million)		Mainland arrivals (excluding those travelling under Individual Visit Scheme (IVS)) (million)		General Mainland IVS arrivals (excluding those travelling on "multiple-entry" Endorsements ⁽¹⁾) (million)		Mainland arrivals travelling on "multiple-entry" Endorsements ⁽¹⁾ (million)	
	Overnight	Sameday	Overnight	Sameday	Overnight	Sameday	Overnight	Sameday	Overnight	Sameday
2014	3.29	1.32	5.40	3.58	8.69	7.22	9.18	7.30	1.20	13.65
<i>Total</i>	4.61		8.98		15.91		16.48		14.85	
2015	3.25	1.33	5.44	3.45	8.66	9.24	8.15	7.21	1.19	11.39
<i>Total</i>	4.58		8.89		17.90		15.36		12.58	
2016	3.34	1.35	5.85	3.34	8.50	10.05	7.91	7.43	0.95	7.93
<i>Total</i>	4.68		9.19		18.55		15.34		8.88	

Notes : (1) Since the implementation of the "one trip per week" measure on 13 April 2015, the figures on visitors travelling on "multiple-entry" Endorsements include those travelling on "one trip per week" Endorsements.

Individual figures may not add up to the total due to rounding.

(b) According to the information provided by the HKTb, the expenditure of the relevant visitors between 2014 and 2016 are as follows:

2014	Long-haul arrivals		Short-haul arrivals (excluding the Mainland)		Mainland arrivals (excluding those travelling under Individual Visit Scheme (IVS))		General Mainland IVS arrivals (excluding those travelling on "multiple-entry" Endorsements ⁽¹⁾)		Mainland arrivals travelling on "multiple-entry" Endorsements ⁽¹⁾	
	Overnight	Sameday	Overnight	Sameday	Overnight	Sameday	Overnight	Sameday	Overnight	Sameday
Destination consumption expenditure (HK\$billion)	23.9	0.6	31.1	3.1	78.5	16.0	81.8	27.7	5.8	32.4
Per capita spending (HK\$)	7,266	449	5,758	865	9,026	2,215	8,910	3,796	4,806	2,372
Total expenditure (HK\$billion)	24.5		34.2		94.5		109.5		38.2	

2015	Long-haul arrivals		Short-haul arrivals (excluding the Mainland)		Mainland arrivals (excluding those travelling under Individual Visit Scheme (IVS))		General Mainland IVS arrivals (excluding those travelling on "multiple-entry" Endorsements ⁽¹⁾)		Mainland arrivals travelling on "multiple-entry" Endorsements ⁽¹⁾	
	Overnight	Sameday	Overnight	Sameday	Overnight	Sameday	Overnight	Sameday	Overnight	Sameday
Destination consumption expenditure (HK\$billion)	21.3	0.6	29.1	2.8	70.6	21.2	72.0	53.9	5.4	29.8
Per capita spending (HK\$)	6,552	487	5,356	811	8,155	2,292	7,711	2,896	4,565	2,611
Total expenditure (HK\$billion)	21.9		31.9		91.8		125.9		35.2	

2016	Long-haul arrivals		Short-haul arrivals (excluding the Mainland)		Mainland arrivals (excluding those travelling under Individual Visit Scheme (IVS))		General Mainland IVS arrivals (excluding those travelling on “multiple-entry” Endorsements ⁽¹⁾)		Mainland arrivals travelling on “multiple-entry” Endorsements ⁽¹⁾	
	Overnight	Sameday	Overnight	Sameday	Overnight	Sameday	Overnight	Sameday	Overnight	Sameday
Destination consumption expenditure (HK\$billion)	20.6	0.6	28.3	2.8	62.7	20.1	63.6	40.2	Not yet available	
Per capita spending (HK\$)	6,170	477	6,661	826	7,373	2,013	7,180	2,614		
Total expenditure (HK\$billion)	21.2		31.1		82.8		103.8			

Notes : (1) Since the implementation of the “one trip per week” measure on 13 April 2015, the figures on visitors travelling on “multiple-entry” Endorsements include those travelling on “one trip per week” Endorsements.

Individual figures may not add up to the total due to rounding.

- (c) According to the information provided by the HKTb, the relevant figures of 33 Mainland cities (see Note under the table) with visitor arrivals under the IVS scheme from 2014 to 2016 are as follows:

	Mainland cities	2014			2015			2016		
		Number (million)	Share among IVS arrivals (%)	Year-on-year change (%)	Number (million)	Share among IVS arrivals (%)	Year-on-year change (%)	Number (million)	Share among IVS arrivals (%)	Year-on-year change (%)
1	Shenzhen	17.00	54.2	+19.2	14.69	52.6	-13.6	11.79	48.7	-19.7
2	Guangzhou	4.34	13.9	+3.1	4.13	14.8	-4.9	3.75	15.5	-9.1
3	Dongguan	1.48	4.7	+19.2	1.33	4.8	-10.2	1.24	5.1	-6.4
4	Foshan	1.22	3.9	+9.1	1.05	3.8	-14.0	1.06	4.4	+0.5
5	Shanghai	1.05	3.4	+4.1	0.95	3.4	-10.1	0.86	3.6	-8.8
6	Beijing	0.88	2.8	+15.6	0.75	2.7	-15.0	0.69	2.9	-7.9
7	Zhongshan	0.38	1.2	+3.5	0.39	1.4	+4.2	0.43	1.8	+10.3
8	Huizhou	0.46	1.5	+52.0	0.41	1.5	-11.9	0.40	1.6	-2.7
9	Jiangmen	0.40	1.3	-13.1	0.38	1.4	-3.4	0.36	1.5	-5.7
10	Zhuhai	0.34	1.1	+6.0	0.41	1.5	+19.4	0.36	1.5	-11.2
11	Wuhan	0.27	0.9	+11.8	0.25	0.9	-10.4	0.23	0.9	-8.1
12	Hangzhou	0.21	0.7	+11.6	0.20	0.7	-4.5	0.22	0.9	+9.3
13	Chengdu	0.19	0.6	+15.7	0.17	0.6	-9.9	0.18	0.7	+1.6
14	Xiamen	0.16	0.5	+35.6	0.16	0.6	+0.5	0.17	0.7	+1.6
15	Quanzhou	0.12	0.4	+12.9	0.13	0.5	+13.1	0.16	0.7	+19.9
16	Nanjing	0.22	0.7	+22.2	0.15	0.5	-30.2	0.14	0.6	-8.7
17	Zhaoqing	0.14	0.5	-20.2	0.11	0.4	-20.1	0.13	0.6	+17.2
18	Chongqing	0.13	0.4	+3.1	0.13	0.5	-1.3	0.13	0.6	+6.2
19	Shantou	0.12	0.4	+21.8	0.12	0.4	+5.0	0.13	0.5	+3.0
20	Qingyuan	0.11	0.3	-11.2	0.12	0.4	+10.6	0.12	0.5	-5.0

	Mainland cities	2014			2015			2016		
		Number (million)	Share among IVS arrivals (%)	Year-on-year change (%)	Number (million)	Share among IVS arrivals (%)	Year-on-year change (%)	Number (million)	Share among IVS arrivals (%)	Year-on-year change (%)
21	Fuzhou	0.14	0.5	+58.8	0.13	0.5	-8.0	0.11	0.5	-14.0
22	Changsha	0.13	0.4	+42.3	0.13	0.5	-4.5	0.11	0.5	-11.5
23	Tianjin	0.17	0.5	+38.6	0.15	0.5	-14.9	0.10	0.4	-30.8
24	Ningbo	0.12	0.4	+32.3	0.11	0.4	-9.6	0.10	0.4	-12.0
25	Suzhou	0.11	0.4	+14.1	0.10	0.4	-11.0	0.09	0.4	-9.6
26	Nanning	0.10	0.3	-4.0	0.08	0.3	-18.2	0.09	0.4	+10.3
27	Wuxi	0.08	0.3	-11.0	0.08	0.3	-7.9	0.08	0.3	+3.0
28	Nanchang	0.08	0.3	-1.5	0.09	0.3	+13.8	0.07	0.3	-18.9
29	Shenyang	0.08	0.2	+21.8	0.07	0.2	-11.6	0.07	0.3	+1.5
30	Dalian	0.09	0.3	+49.1	0.08	0.3	-15.8	0.06	0.3	-21.8
31	Zhengzhou	0.08	0.3	+60.5	0.06	0.2	-22.7	0.06	0.2	-8.5
32	Kunming	0.07	0.2	-25.2	0.07	0.3	+5.0	0.05	0.2	-22.6
33	Haikou	0.05	0.1	+28.5	0.04	0.1	-9.0	0.04	0.2	-1.9

Note: The above statistics is estimated based on the findings from the Departing Visitor Survey of the HKTB. Separately, the visitors from Chaozhou, Meizhou, Yunfu, Zhangjiang, Shaoguan, Heyuan, Maoming, Yangjiang, Jieyang, Shanwei, Taizhou, Jinan, Guiyang, Shijiazhuang, Changchun and Hefei took up a relatively small share of all survey samples, which are insufficient for deriving the estimates of visitor arrivals from these cities.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)151

(Question Serial No. 7196)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (1) Director of Bureau's Office, (2) Commerce and Industry, (4) Posts, Competition Policy and Consumer Protection, (6) Travel and Tourism, (8) Public Safety

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Please set out the following information in table form:

(1) The expenditure incurred by the Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch) on publicity on the Internet/social media in 2016-17, the manpower involved and the percentage of this expenditure against the total expenditure. Please provide a breakdown by publicity channel.

(2) The means to be adopted by the Branch to assess the effectiveness and value for money of the above initiatives.

(3) The estimated expenditures to be incurred by the Branch on the above initiatives in 2017-18 and the manpower to be involved.

Asked by: Hon TIEN Puk-sun, Michael (Member Question No.54)

Reply:

(1) and (2):

Expenditure incurred by the Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)(CITB) on publicity on the Internet/social media and related arrangements in 2016-17 are listed below (breakdown by publicity channel):

Publicity channel	Expenditure incurred in publicity on the Internet/social media (\$'000)	Manpower involved in publicity on the Internet/social media	The means to be adopted by the Branch to assess the effectiveness
Websites (including those of Commerce and Economic Development Bureau, CITB, Tourism Commission and Travel Agents Registry), websites for specific topics	402 (0.02% of the 2016-17 Revised Estimate)	The manpower involved includes contractor staff and staff of our branch. The latter is also responsible for other duties.	No standardized means are adopted by the Branch to assess the effectiveness of the above initiatives. Normally reference is made to data such as hit rates, viewership and number of "Likes", etc., and the response of related activities.
Social media/ Online advertisements (including Facebook, Yahoo and YouTube, etc.)	2,627 (0.14% of the 2016-17 Revised Estimate)		

The estimated expenditure to be incurred by the Branch on publicity on the Internet/social media in 2017-18 is listed below –

Publicity channel	Estimated expenditure incurred in publicity on the Internet/social media (\$'000)	Estimated manpower involved in publicity on the Internet/social media
Websites (including websites of Commerce and Economic Development Bureau, CITB, Tourism Commission and Travel Agents Registry), websites for specific topics	306	The manpower involved includes contractor staff and staff of our branch. The latter is also responsible for other duties.
Social media/ Online advertisements (including Facebook, Yahoo and YouTube, etc.)	1,369	

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CONTROLLING OFFICER'S REPLY

CEDB(CIT)152

(Question Serial No. 2392)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Some food truck operators noted that the operational costs were far higher than their estimates and their business was slow as the pitches designated for their operation had very low pedestrian flow. In this connection, has the Food and Environmental Hygiene Department (FEHD) formulated any policy to support the Tourism Commission in implementing the Food Truck Pilot Scheme (the Scheme) in the new financial year?

Regarding the policy to be implemented by the FEHD, will the department conduct prior consultation with all the Scheme operators to ensure that it is practicable and will genuinely benefit the food truck operators? If yes, what are the details?

Asked by: Hon TSE Wai-chun, Paul (Member Question No. 10)

Reply:

The Government has set up a Food Truck Office under the Tourism Commission (TC) to coordinate the implementation of the Food Truck Pilot Scheme (the Scheme) and provide one-stop services to food truck operators. Among the staff of the Food Truck Office, three have been seconded from Food and Environmental Hygiene Department (FEHD), including the Superintendent of Environmental Health, Senior Health Inspector and Health Inspector I. They are responsible for formulating relevant licensing requirements for the food truck operators to comply for ensuring food safety and environmental hygiene. In 2017-18, these seconded staff from FEHD will continue to provide necessary support to the smooth implementation of the Scheme.

The Scheme is positioned as a tourism project. Under the framework of the Scheme, food trucks shall operate at the designated attractions. In fact, there are many restaurants in Hong Kong and their burdens of rental fees are not light. In identifying the location of food truck pitch, TC has taken into consideration the need of avoiding direct competition with the existing restaurants. Furthermore, the streets in Hong Kong are generally narrow

and the truck occupies a sizable area on the road. It will cause obstruction if food trucks are allowed to be stationed anywhere. TC has also taken into account various factors including the availability of venue management for the locations, enough room for accommodating food trucks and queuing up by customers, adequate patronage, accessibility, etc. and struck a balance of all considerations in identifying the eight operating locations.

The framework of the Scheme has provided sufficient flexibility for the operation of food trucks. Food trucks are allowed to adjust their operating hours according to their need after negotiation with venue management. Food truck operators can also devise other food dishes besides the mandatory signature dish (the dish presented at the Cook-off Challenge) at different operating locations. Food truck operators are also allowed to formulate their own promotional strategies without restrictions. Notwithstanding this, operators have to comply with the licensing requirements of Food Factory Licence (FFL) issued under the Food Business Regulation (Cap 132X) and ensure their fulfillment of the high standard of food safety and environmental hygiene in Hong Kong. Food truck operation follows commercial principles. Similar to the practice of paying rental fee for running a typical restaurant, food truck operators also have to pay service charge. At present, operators are only required to pay a service charge ranging between \$302 - \$723 per day which already includes parking fee, electricity and cleansing services, etc. Some operators have expressed satisfaction to TC on the current supporting services and arrangement of the Scheme.

According to TC's observation on the operation of food trucks, business may be different for different operators operating at the same location, which hinges very much on the business strategies of the operator and the attractiveness of the food sold. For instance, the daily average number of customers for different food trucks at Central Harbourfront Event Space and Ocean Park can vary to a large extent and the figure of one truck can be even more than one to two times than that of the others. TC understands that there was operator earning more than HK\$13,000 average revenue per day in the first month and operator earning more than HK\$30,000 of average daily revenue in the second trading period, which is comparable to that of the typical restaurants.

In fact, food truck is a business venture similar to running a typical restaurant. While the operating location and its pedestrian flow will definitely affect the sales revenue, whether the food truck operators could make profit depends on whether the operators have implemented proactive operating strategies, such as cost control, labour deployment, whether prices of the food are reasonable and appealing to customers, whether social media platforms or other channels are utilized for promotion, etc. The Government will continue to keep in view the situation of particular operating locations, maintain liaison with the concerned stakeholders and conduct review from time to time, and maintain flexibility for enhancement, such as considering other operating locations if they meet the positioning and requirements of the Scheme.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)153

(Question Serial No. 2712)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (7) Subvention : Hong Kong Tourism Board

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

One of the items under Matters Requiring Special Attention in 2017-18 mentioned about "...through different digital platforms...capitalising on high-impact international and regional TV networks to maximise ... and publicity for Hong Kong".

The Policy Addresses of 2015 and 2016 also noted similar initiatives for promoting Hong Kong through various digital platforms as well as international and regional TV networks, with the expenditures rising sharply from \$80 million in 2015 to \$240 million in 2016. The biggest single item expenditure of \$100 million was mainly used for producing new promotional videos and purchasing airtime in overseas media in order to rebrand Hong Kong's tourism image

Despite the huge publicity expenditure, records showed that both the number of overnight visitors and average spending declined. The effectiveness of the promotion is in doubt.

1. What were the manpower and expenditure involved in network publicity each of the past 3 financial years?
2. Has the cost-effectiveness of network publicity been reviewed? If yes, what are the details? If no, what are the reasons?
3. Will the government consider reducing the publicity expenditure and re-allocating some of it for developing new attractions or refurbishing existing attractions? If yes, what are the details? If no, what are the reasons?
4. What are the respective estimated publicity expenditures for the networks this year?

Asked by: Hon TSE Wai-chun, Paul (Member Question No. 44)

Reply:

(1), (2) & (4)

In recent years, the Hong Kong Tourism Board (HKTb) has been promoting Hong Kong's diverse travel experiences through digital and social media platforms, as well as international and regional online channels to attract visitors to Hong Kong and increase Hong Kong's exposure. The relevant promotion work is undertaken by the HKTb's head office and its worldwide offices. Since the staff members involved are also responsible for other duties, it is difficult to quantify the actual number of responsible staff and the related expenditure.

In order to ensure the effectiveness of the promotion work, the HKTb maintains a set of corporate performance indicators which clearly state the assessment area for measuring the effectiveness of the HKTb's marketing programmes under each strategic focus. For example, the HKTb will monitor global publicity value achieved for promotional campaigns implemented by the Worldwide Offices, number of page views of each of its market sites and the number of followers on various social media platforms, in order to ensure the effectiveness of use of public funding.

In 2016-17, the Government allocated an additional funding of \$222 million to the HKTb for stepping up tourism promotion, among which \$84 million has been used to launch a new brand campaign. The results are listed in the table below.

New Brand Campaign	Late October 2016 – Late February 2017
Launch of four brand-new promotion videos	Broadcast in 70 regional channels, including regional TV networks, TV channels in source markets, major digital and social media platforms, etc. Total number of TV broadcast approximates to 10,400 times. By the end of promotion period (i.e. End of March 2017), the expected audience reach will be more than 26.72 million.
Page views of new brand campaign mini-site	Over 35 million
Views of new brand campaign videos on the Internet	Over 270 million
Views of video leveraging the new brand campaign to promote shopping in the Mainland	307 million

The following table shows the results of promotions on major digital platforms and public relations achieved by the HKTb in the past three years.

	2014	2015	2016
Major digital platforms:			
Page views of DiscoverHongKong.com	68.4 million	89.6 million	Over 100 million
Fans on social media (accumulated figure at year end) (Facebook, Twitter, Instagram, Weibo, WeChat)	3.3 million	4.87 million	6.9 million
Public Relations			
Global publicity value (HK\$)	4.1 billion	5.3 billion	6 billion

(3)

The Government all along has overall planning of tourism facilities in the short, medium and long term with a view to showcasing the unique elements of Hong Kong, promoting diversification of tourism product, expanding source markets and attracting more high-spending overnight visitors to Hong Kong.

In recent years, we have strengthened the strategic planning direction of promoting cultural and creative tourism, including revitalisation of historic buildings into creative and cultural landmark, for instance, the PMQ, Jao Tsung-I Academy and the Tai O Heritage Hotel, to enhance Hong Kong's tourism appeal in cultural and historical aspect. The Ani-Com Park@Harbour "FUN", which is located near the Gold Bauhinia Square in Wan Chai North, opened in late April 2016 to provide for locals and visitors an exhibition area featuring local comic characters. Besides, the new Central Waterfront has become a popular destination for visitors but is also being put to good use for large-scale events such as the Wine and Dine Festival and the FIA Formula E Hong Kong ePrix.

In the medium to long term, the West Kowloon Cultural District (WKCD) will be the focal point in cultural tourism of Hong Kong. Various facilities in WKCD will commence operation by phases starting from 2018. The Government has also planned to revitalise the historic building of Hung Shing Yi Hok in situ into the Tai Hang Fire Dragon Heritage Centre, which is expected to commence operation in 2019. The Ocean Park is pressing ahead the development of an all-weather waterpark and two hotels, which are scheduled for completion from 2018 to 2020. A new resort-style hotel of the Hong Kong Disneyland with a theme dedicated to the spirit of exploration will be opened on 30 April this year. We are also taking forward the Kai Tak Tourism Node project for developing it into a world-class tourist and leisure attraction to draw local and worldwide visitations.

Apart from hardware, it is important for the Government to continue to invest sufficient resources for global marketing efforts to sustain Hong Kong's edge as the world's most preferred travel destination. As such, the HKTb will continue to promote Hong Kong

globally as a world-class tourist destination, enrich visitor's travel experience and maximize the benefits of the tourism industry to the overall economy. To ensure the effective use of public resources, the HKTb regularly provides *updates to the Government* on the performances of different marketing initiatives and has drawn up a set of objectives for measuring the effectiveness of its promotions based on the annual strategic focuses.

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CONTROLLING OFFICER'S REPLY

CEDB(CIT)154

(Question Serial No. 2713)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (7) Subvention : Hong Kong Tourism Board

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

What are the details of the fly-cruise tourism promotion programmes? What will be the manpower, expenditures and promotion expenses involved in the programmes for the new financial year?

What trade marketing campaigns will be launched by the Hong Kong Tourism Board to attract ship deployments to Hong Kong? How much will be spent on the campaigns? What are their expected achievements of the promotion? What are the details of the international and regional cruise industry events mentioned in the Estimates?

Asked by: Hon TSE Wai-chun, Paul (Member Question No. 45)

Reply:

In 2017-18, the Government will allocate an additional provision of \$16 million for the Hong Kong Tourism Board (HKTb) to continue implementing the “fly-cruise” programme, to support the industry in developing shore excursion products and to further cultivate the source markets in collaboration with cruise lines. Taking into account the additional provision for the HKTb as mentioned above, the HKTb’s total budget for promoting cruise tourism in 2017-18 is around \$31.5 million.

The HKTb will deploy \$10 million of the additional provision to continue the promotional scheme for “fly-cruise” launched in 2016-17 to collaborate with international cruise lines and travel agencies on a matching fund basis to encourage visitors to take flight to and join cruise journeys in Hong Kong, and to stay overnight in Hong Kong before or after the cruise journey, so as to extend their length of stay in Hong Kong and to increase their spending. The matching fund can be used for product development, marketing and promotion projects targeted for certain selected “fly-cruise” markets. The HKTb will draw up the respective details on the mode of cooperation and promotion activities, such as

product mix as well as appropriate marketing and promotional strategies having regard to the market position of individual cruise lines and travel agencies (e.g. target customer segments and source markets).

Apart from the abovementioned efforts on “fly-cruise” promotion, the HKTb has been actively promoting cruise tourism. Its major initiatives in 2017-18 for promoting cruise tourism include –

(i) Strengthen Hong Kong’s image as Asia’s cruise hub

Continue to participate in large-scale international industry events (such as the Seatrade Cruise Global, the world’s largest cruise conference and exhibition, the 2017 edition of which will be held in March in the United States; and Seatrade Cruise Asia to be held in mid-2017) to promote the appeal and advantages of Hong Kong as a cruise destination and to reinforce Hong Kong’s position as a cruise hub in the region.

(ii) Encourage cruise companies to include Hong Kong in their cruise itineraries

Continue to leverage on the “Asia Cruise Cooperation” (“ACC”) to cooperate with the neighbouring ports, to encourage cruise lines to include Hong Kong and other ACC ports in their cruise itineraries. The ACC ports will also organise joint promotions to induce more consumers to choose cruise travel products that cover the ACC ports, in particular Hong Kong.

(iii) Raise consumers’ awareness of and demand for cruise travel

Launch publicity campaigns to promote the appeal of cruise holidays through digital and social media as well as public relations activities, targeting at consumers of various markets with a view to raising their interests in and demand for cruise tourism. In the long run, the initiatives will also help enhance the potential of Hong Kong as a source market for cruise tourism.

The HKTb’s efforts on promoting cruise tourism development in the past have delivered results. The overall number of ship calls in Hong Kong has increased from 89 in 2013 to 191 in 2016, representing a growth of 115%. The cruise passenger throughput has also increased from 191 062 in 2013 to 677 031 in 2016, representing a growth of 254%. We expect that in 2017, the number of ship calls and cruise passenger throughput will continue to record growth.

The above publicity and promotional efforts are undertaken by the HKTb’s Cruise Department, with support from the HKTb’s worldwide offices.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)155

(Question Serial No. 2718)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (7) Subvention : Hong Kong Tourism Board

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is mentioned that pilot schemes will be launched in 2017-18 to support the organisation of events with local characteristics and green tourism. What are the details of the pilot schemes? What are the expenditure and manpower involved? How many visitors participated in the above events in the past 2 years?

In recent years, the Hong Kong Tourism Board has reportedly been promoting green tourism extensively. Unfortunately, there was much cry and little wool as no improvement in complementary facilities for green tourism has been achieved. For example, the works at Tap Mun Pier have fallen short of expectations as the scope of the works has "drastically shrunk". Another example is the construction of a visitor centre at Hoi Ha Wan Marine Park. After a prolonged 7-year delay, the project is still not complete. With construction costs rising every year, approval for additional funding will have to be sought, resulting in a waste of public money.

Will the Government consider enhancing the complementary facilities at green tourism spots first and expediting the works projects concerned instead of vigorously promoting green tourism at this stage?

Meanwhile, the so-called local characteristics have fossilised. Has the Government considered breaking new ground and attracting visitors with tourism events featuring alternative elements or themes? If yes, what are the details? If not, what are the reasons?

Asked by: Hon TSE Wai-chun, Paul (Member Question No. 46)

Reply:

In 2017-18, the Government will provide an additional funding of \$12 million and \$5 million for the Hong Kong Tourism Board (HKTb) to launch pilot schemes to support tourism activities showcasing Hong Kong's local characteristics and to promote in-depth green tourism respectively. The pilot scheme to support tourism activities showcasing Hong Kong's local characteristics aims to provide funding support, including promotion-related expenses, to organisers for hosting activities with tourism appeal to showcase Hong Kong's local characteristics. As for the pilot scheme for promoting in-depth green tourism, the Government will provide subsidy to the travel trade for introducing and operating in-depth green tourism products, thus bringing more choices for tourists. The Tourism Commission (TC), in collaboration with the HKTb, will work out the funding criteria and guidelines for the two pilot schemes and will announce the details in due course.

As for the ancillary facilities at green tourism spots, the Development Bureau is implementing a "Pier Improvement Programme (PIP)" to upgrade the structural and facility standards of a number of existing public piers at remote rural areas in phases with a view to addressing public requests and enhancing accessibility of some remote heritage and natural scenic attractions. The first phase of the PIP, involving about 10 public piers, will mainly focus on Sai Kung, Tai Po and North Districts as well as Lantau and outlying islands. The PIP can help improve the supporting facilities of the remote rural areas concerned, thereby promoting in-depth green tourism as well as cultural and heritage tourism. In addition, the TC maintains liaison with the tourism sector and operators of tourist attractions, and listens to their views on the general ancillary facilities in green attractions. The TC will also co-ordinate with relevant departments to make adjustments and improvements as appropriate (e.g. the installation of visitor signage at tourist spots).

Meanwhile, in order to enrich visitors' experience in town, the HKTb launched the "New Tour Product Development Scheme" in 2012-13, which aims at encouraging local travel trade to develop new themed tour products through subsidising part of the costs for marketing the tours. By late 2016, the scheme had subsidised 33 tour products. The HKTb will continue to run this Scheme in 2017-18 and encourage visitors to explore the dynamic experiences and living culture in an in-depth and comprehensive manner.

The HKTb also plans to launch a brand-new programme named "Old Town Central" in April 2017 to enrich visitors' in-town experience in Hong Kong. The HKTb will repackage and promote the diverse tourism appeal of Central. A number of thematic walking routes will be designed to introduce the heritage buildings and landmarks, arts and culture, lifestyle as well as dining and entertainment elements in the district. The HKTb will also produce a guidebook to encourage visitors to explore the living culture and hidden neighbourhoods in depth. "Old Town Central" programme will be promoted to visitors, international media, local and overseas trade partners through various channels such as digital and social media, public relations and trade activities. "Old Town Central" is an on-going project and the HKTb plans to extend the programme to promote other districts so as to further enrich visitors' in-town experience.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)156

(Question Serial No. 2719)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (7) Subvention : Hong Kong Tourism Board

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Provision will be allocated for updating “A Symphony of Lights” in 2017-18. What are the contents to be updated? What are the estimated expenditure and manpower involved? What are the indicators for evaluating the effectiveness of the updated light symphony?

Has any survey of tourists on the light symphony been conducted in the past? If yes, what are the details? If no, what are the reasons?

Asked by: Hon TSE Wai-chun, Paul (Member Question No. 47)

Reply:

In 2017-18, the Government will provide an additional funding of \$33 million to the Hong Kong Tourism Board (HKTb) for launching light shows and updating “A Symphony of Lights”, of which \$10 million is earmarked for updating the lighting effects and music of “A Symphony of Lights” with a view to uplifting the Victoria Harbour’s night view and providing visitors with a new experience. It is expected that the updated “A Symphony of Lights” show will be launched in the fourth quarter of 2017.

The Tourism Commission (TC) has been evaluating the effectiveness of “A Symphony of Lights” through the Departing Visitor Survey of the HKTb. It was projected that about 1.77 million and 1.45 million visitors were attracted to the show in 2014 and 2015 respectively (the information for 2016 is still being compiled). The visitors who had watched “A Symphony of Lights” were generally satisfied with the show. The TC will work out with the HKTb the indicators to evaluate the effectiveness of the updated “A Symphony of Lights”.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)157

(Question Serial No. 2722)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (7) Subvention : Hong Kong Tourism Board

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

One of the items under Matters Requiring Special Attention in 2017-18 is to “launch a pilot scheme to incentivise visitors to extend their stay in Hong Kong”. What are the details of the scheme? What are the estimated expenditure and manpower involved?

Asked by: Hon TSE Wai-chun, Paul (Member Question No. 48)

Reply:

In view of the large number of transit or transfer passengers passing through the Hong Kong International Airport each year, the Government has earmarked \$12 million in the 2017-18 Budget for the Hong Kong Tourism Board (HKTb) to launch the Hong Kong Stopover Programme. It aims at drawing more visitors to and increasing their spending in Hong Kong by rolling out attractive offers for transient and overnight visitors in collaboration with local airlines, attractions, hotels and other travel trade partners.

The HKTb's initial plan is to provide stopover visitors with tickets to the urban area and various attractions as well as special sightseeing offers in collaboration with the travel trade, in order to encourage stopover visitors to explore the city and enrich their travel experience, or even extend their stay and stimulate their spending.

The Government and the HKTb will work out the details with the travel trade and announce the concrete plan in due course.

As the programme will be undertaken by the HKTb Head Office and its Worldwide Offices, and the manpower involved will be engaged in other tasks concurrently, it is therefore difficult to separately quantify the manpower involved.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)158

(Question Serial No. 2728)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (5) Subvention: Consumer Council

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

In 2017-18, regarding the development of the "CHOICE" Magazine on both digital and print platforms, what are the manpower and expenditure involved in the production of the digital "CHOICE" Magazine? Will there be any charge for the digital version? If yes, what is the estimated charge?

Has any survey been conducted on the readership age of the digital "CHOICE" Magazine? If yes, what are the details?

Celebrities are invited to shoot for the cover of every issue of "CHOICE" Magazine, what are the expenditures involved? Has assessment been made on the publicity effectiveness of celebrity covers? What was the increase in sales volumes of the magazine brought by such? Is it an essential expenditure? If yes, what are the details? Will the Administration consider replacing it with illustrated covers or covers in other styles?

Asked by: Hon TSE Wai-chun, Paul (Member Question No. 50)

Reply:

The print edition of the Consumer Council (the Council)'s "CHOICE" magazine was launched in 1976 and an online edition has been available since 2004. In 2017-18, the Council will complete the review on the development of the "CHOICE" Magazine on both digital and print platforms. Relevant expenditures have been subsumed within the recurrent expenditures of the Council and it is difficult to quantify them separately.

In the existing online version of the "CHOICE" Magazine, some articles are available for free and some are for purchase. Information on the cost is available on the Council's website. According to a survey commissioned by the Council in 2015, the online version of "CHOICE" magazine has attracted readers from all ages, but was most popular among those aged between 25 and 44.

Celebrities and community leaders have been featured on the cover of “CHOICE” magazine since December 1985 to enhance readers’ awareness of consumer issues. These personalities support the Council’s work on a pro bono basis or charge only a nominal transportation fee. The Council is open to suggestions to improve the magazine.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)159

(Question Serial No. 2772)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (7) Subvention : Hong Kong Tourism Board

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The promotion and marketing expenditures of the Hong Kong Tourism Board (HKTb) cover both mega events and the Old Town Central.

What mega events will be promoted this year? What are their respective estimated promotion expenditures?

The Central has long been well-known amongst visitors to Hong Kong. As such, the promotion activities of the HKTb would not make much difference. Without new tourist attractions, the effectiveness of the promotion policy for marketing and transforming the old Central District is in doubt. Has the Financial Secretary considered the actual effectiveness of such promotion initiative before making additional provision for the HKTb's promotion activities? Is the promotion expenditure a real necessity?

Asked by: Hon TSE Wai-chun, Paul (Member Question No. 43)

Reply:

Every year, the Hong Kong Tourism Board (HKTb) organises and promotes a list of mega events and activities, covering Chinese and Western festivals, sports and outdoors, as well as arts, culture and entertainment. Details of such events and activities in 2017-18 are as follows:

Tourism strength(s) to be highlighted	Mega Events (Tentative Time)
Traditional festivals	<ul style="list-style-type: none"> • Birthday of Tin Hau (April 2017) • Cheung Chau Bun Festival, Birthdays of Buddha and Tam Kung (May 2017) • Hong Kong Dragon Boat Carnival (June 2017) • Mid-Autumn Festival and Fire Dragon Dance (October 2017) • Chinese New Year Celebrations (February 2018)
Western festivals	<ul style="list-style-type: none"> • Halloween Treats (October 2017) • Hong Kong WinterFest (December 2017) • Hong Kong New Year Countdown Celebrations (December 2017)
Shopping & entertainment	<ul style="list-style-type: none"> • Summer promotion (July to August 2017) • Hong Kong Brands and Products Expo (December to January 2018) • Hong Kong International Film Festival (March 2018) • Hong Kong Entertainment Expo (March 2018)
Wine & dine	<ul style="list-style-type: none"> • Hong Kong Food Expo (August 2017) • Hong Kong Wine & Dine Festival (October 2017) • Hong Kong Great November Feast (November 2017)
Sports & outdoors	<ul style="list-style-type: none"> • Hong Kong Sevens (April 2017) • Hong Kong Cyclothon (October 2017) • Hong Kong Tennis Open (October 2017) • Great Outdoors Hong Kong (November 2017 to March 2018) • The FIA Formula E–Hong Kong ePrix (December 2017 (tentative)) • Hong Kong Open (golf) (December 2017) • Hong Kong International Races (horseracing) (December 2017) • Hong Kong Marathon (January 2018)
Arts & culture	<ul style="list-style-type: none"> • Hong Kong Book Fair (July 2017) • Ani-Com & Games Hong Kong (July to August 2017) • Clockenflap Hong Kong's Music & Arts Festival (November 2017) • Lumières Hong Kong (November 2017 (tentative)) • Hong Kong Arts Festival (March 2018) • Hong Kong Arts Month (March 2018) • Art Basel in Hong Kong (March 2018) • Art Central (March 2018)

The HKTb's total proposed marketing budget in 2017-18 is approximately \$398.11 million (excluding the additional funding as stated in the Budget), which has covered the expenditure for organising and promoting mega events and activities. This amount has also included the \$70 million additional fund allocated for the events and promotions in celebrating the 20th anniversary of the establishment of the Hong Kong Special Administrative Region (HKSAR). The HKTb will make use of the additional funding to include elements about the 20th anniversary of the HKSAR in its promotion work and roll

out related events, including a large-scale carnival tentatively named “Hong Kong Summer Party”. Moreover, the Government has earmarked an additional fund of \$238 million to the HKTb in this year’s Policy Address and Budget to step up promotion in local and overseas markets.

Furthermore, the HKTb plans to launch a brand-new programme named “Old Town Central” in April 2017 to facilitate visitors to explore the Central neighbourhood which packs with elements of history, art, culture and entertainment according to their interests and at their own pace. The HKTb will repackage and promote the diverse tourism appeal of Central. A number of thematic walking routes will be designed to introduce the heritage buildings and landmarks, arts and culture, lifestyle as well as dining and entertainment elements in the district. The HKTb will also produce a guidebook to encourage visitors to explore the living culture and hidden neighbourhoods in depth. “Old Town Central” programme will be promoted to visitors, international media, local and overseas trade partners through various channels such as digital and social media, public relations and trade activities, with a view to deepening visitors’ in-depth travel experience in Hong Kong. We believe that the programme will help elevate the tourism appeal of the district as well as Hong Kong as a whole.

“Old Town Central” is an on-going project and the HKTb plans to extend the scheme to promote other districts so as to further enrich visitors’ in-town experience.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)160

(Question Serial No. 6184)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Kai Tak Cruise Terminal, which cost \$8.2 billion in construction, has long been under-utilized. Most of the shops there are vacant and suffer from a dearth of patrons for two-thirds of the year. The kaito ferry service was suspended in November last year owing to low patronage.

According to the reply of the Commerce and Economic Development Department last year, the terminal would be used for other functions when no vessels were berthing at it so as to better utilize the terminal facilities and increase pedestrian flow.

But few large-scale events that drew in crowds of people were held at the terminal. Indeed, the operator of feeder traffic also ran into financial difficulties. Despite the increasing number of ships calls and cruise ships, their berthing at the terminal cannot generate people flow for the terminal. The failure to optimise the ancillary facilities of the terminal has caused the venues to lie vacant for most of the time and could not attract visitors.

Has the Government formulated any measures to enhance the ancillary facilities of the terminal prior to allocating additional provision to the Hong Kong Tourism Board for promoting cruise tourism? Has it evaluated the actual effectiveness of such promotion? Is the promotion expenditure a necessary expense?

Asked by: Hon TSE Wai-chun, Paul (Member Question No. 75)

Reply:

The Government is committed to developing cruise tourism in Hong Kong. The Kai Tak Cruise Terminal (“KTCT”) is an important infrastructure for cruise tourism in Hong Kong and is currently run by a terminal operator on commercial basis. KTCT has come into operation since mid-2013. After the completion of the planned further dredging works conducted between March and December 2015, KTCT has been in full operation since 2016 and can accommodate two cruise vessels of up to 220 000 gross tonnage simultaneously. Although it has not been long (over one year) since the full commissioning of the two berths at KTCT, the cruise and other businesses (including non-cruise events) of KTCT continue to grow steadily. The total number of ship calls at KTCT in 2016 was 95, representing a 70% increase from the 56 ship calls in 2015. It has brought the overall number of ship calls in Hong Kong to increase by 115% from 89 in 2013 to 191 in 2016. The overall passenger throughput also went up increase by 254%, from 191 062 in 2013 to 677 031 in 2016. The cruise ships calling at KTCT have also become more diversified, and the number of international cruise brands calling at KTCT has doubled from 9 in 2015 to 18 in 2016. We expect that the number of ship calls at KTCT would continue to increase to around 200 in 2017.

Internationally, cruise tourism and cruise terminals have peak season and off-peak season. The peak season of cruise tourism in Hong Kong is usually from January to March and from October to December of each year. During the peak season of 2016, there were 70 days with ship calls at KTCT and the number is expected to reach 90 during the peak season of 2017. In fact, since the two berths of KTCT have come into operation in 2016, there have been cruise ships at berth in every month of the year. Cruise terminals elsewhere, including Melbourne in Australia, St Petersburg in Russia and Copenhagen in Denmark etc., are closed for a few months every year during the time with no cruise ship at berth.

Apart from accommodating the berthing of cruise ships, KTCT also has restaurants, shops and open space for the enjoyment of visitors and locals. The floor area of the ancillary commercial areas at KTCT is about 5 600 square metres. As at 1 March 2017, over 93% of the floor area of the ancillary commercial areas was leased out. However, one of the merchants who occupies about 2 200 square metres has ceased operation since June 2016 due to the company’s own issues. KTCT is primarily used for berthing of cruise ships, however, when the premises within KTCT is not used for cruise berthing operations, it can be rented out for hosting events to optimise the utilisation of its facilities and increase the number of visitors thereto. Since the commissioning of KTCT, over 60 events of various scales involving over 150 days have been held within KTCT premises and on its adjacent sites, which generated rental income for KTCT. The activities included various car shows, concerts, cruise holiday expos, pet product expo and running events, etc. Amongst these events, quite a number of them were large-scale events open for public participation and over half of them were participated by more than 1 000 people. Some of the event organisers and brands even used KTCT as their event venue for more than once.

☐ To support the development and operation of KTCT, the Government has all along been making efforts to strengthen the ancillary support of KTCT, including transport services. The terminal operator and relevant Government departments have been

maintaining contact to implement corresponding transport measures to support the operations of KTCT. Apart from the regular daily green minibus service, we have strengthened the franchised bus service in 2016, to expand its weekends and public holidays service to run on a daily basis. Moreover, the Transport Department is now planning to introduce a new franchised bus route connecting Kowloon Tong and KTCT. It is expected that the new service will commence operation in 2018. Moreover, ferry service has been provided at weekends and holidays in the form of kaito service since April 2016. From December 2016 onwards, the kaito service has been replaced by the ferry route operating between North Point and Kwun Tong making a stopover at the Kai Tak Runway Park Pier at designated times, and the services have been extended to be provided on a daily basis. Some cruise companies are also making use of the Kai Tak Runway Park Pier to ferry their cruise passengers between KTCT and Central as well as Tsim Sha Tsui. These new services have provided members of the public and visitors with alternative mode of transportation other than land transport.

The strategic development direction and measures of the Government have delivered results, and the Hong Kong Tourism Board (“HKTB”) will continue with its proactive efforts in marketing and promotion. The Government will increase the funding allocation to HKTB in 2017-18, to continue to strengthen publicity and promotion on Hong Kong’s cruise tourism with a view to promoting a more diversified tourism portfolio in Hong Kong.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)161

(Question Serial No. 6192)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (7) Subvention : Hong Kong Tourism Board

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

What are the details of the new brand campaign “Best of All, It’s in Hong Kong”? What are the manpower and expenditures involved? How will the campaign “showcase the city’s unique and diversified experience”? What are the “differentiation from other destinations” to be established?

Asked by: Hon TSE Wai-chun, Paul (Member Question No. 76)

Reply:

In order to further promote Hong Kong’s diverse and unique tourism appeal, the Hong Kong Tourism Board (HKTb) rolled out a new brand campaign “Best of all, it’s in Hong Kong” in 2016-17, through channels such as media advertisement and digital platforms, to showcase Hong Kong’s essence of “non-stop intensity”, “compact variety”, “fascinating contrasts” and “distinctly trendy”, and promote the city’s seven core experiences, namely dining, shopping, nightlife, attractions, living culture, arts and entertainment, as well as sports and outdoors. The new brand campaign has been launched in various source markets including the Mainland, Taiwan, South Korea, Japan, Southeast Asia, the US, the UK, Germany and Canada.

To tie in this new brand campaign, the HKTb used the \$84 million additional funding from the Government in 2016-17 to launch four new promotional videos with the themes of “Gourmet & Nightlife”, “Trendy Arts & Entertainment”, “Family Fun”, and “Great Outdoors & Living Culture” in October 2016, highlighting the diverse travel experiences of Hong Kong. The videos were broadcast in almost 70 regional channels, including regional TV networks, TV channels in source markets, major digital and social media platforms, etc.

In respect of digital media promotion, the HKTb has also set up a dedicated webpage for the new brand to feature Hong Kong's diverse travel experiences, exciting events, suggested itineraries and offers provided by travel trade partners. The HKTb also shared feature stories on social media platforms to attract visitors to Hong Kong.

In 2017-18, the HKTb will continue to promote Hong Kong's diverse travel experiences to visitors, international media and overseas travel trade at source markets through digital and social media platforms, promotional videos, public relations initiatives, and trade activities to attract visitors from around the world to Hong Kong.

The related promotion work of the new brand campaign is undertaken by the HKTb's head office and its worldwide offices. Since the staff members involved are also responsible for other duties, it is difficult to quantify the actual number of responsible staff and the related expenditure.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)162

(Question Serial No. 1755)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (5) Subvention: Consumer Council

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Of the 27 studies that the Consumer Council expects to conduct in 2017, what are the areas of these studies? Given that resources have been provided by the Government to the Council for conducting a study on cooling-off periods, what are the estimated dates of its completion and the publication of findings?

Asked by: Hon WAN Siu-kin, Andrew (Member Question No. 24)

Reply:

The number of in-depth studies that the Consumer Council (the Council) expects to complete in the coming year is an indicative forecast. The actual topics to be studied will depend on the market trends and consumer needs in the year.

The Council expects to complete and publish its study on cooling-off in 2017.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)163

(Question Serial No. 1757)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (9) Subvention: Competition Commission

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

On “continuing to handle complaints of and conduct investigations into cases alleging to contravene a competition rule”, how many complaints have been received since the establishment of the Competition Commission? Please provide a breakdown of the complaints by nature.

Asked by: Hon WAN Siu-kin, Andrew (Member Question No. 25)

Reply:

Since the Competition Ordinance came into full effect in December 2015, the Competition Commission (“Commission”) has received more than 2 000 complaints and enquires. Most of them relate to the First Conduct Rule (which prohibits anti-competitive agreements) with alleged cartel conduct being the major concern, while the others are on the Second Conduct Rule (which prohibits the abuse of market power) or general enquiries.

In order to protect the confidentiality of investigation work, the Commission would not normally reveal the nature and status of its investigations. Nevertheless, the Commission will provide through its annual reports an outline of the investigations carried out by it, a summary of complaints received, and an outline of all proceedings brought before the Competition Tribunal.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)164

(Question Serial No. 1758)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (9) Subvention: Competition Commission

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

1. What was the staff establishment of each department of the Competition Commission (the Commission) last year? Will there be any changes in 2017-18?
2. The Chairperson of the Commission mentioned on various occasions that the Commission would have deficits in 2016-17 and 2017-18. Under the existing funding model, how does the Government assess when the Commission will spend all its reserves? Will the Government take any actions to improve the financial position of the Commission? If yes, what are the details?

Asked by: Hon WAN Siu-kin, Andrew (Member Question No. 26)

Reply:

1. In 2016-17, the Competition Commission ("Commission") increased its manpower establishment from 50 to 57. About half of them are expert staff involved in professional works relating to investigations. The remaining staff members provide support to the operation and other functions of the Commission, for instance conducting studies and research, public engagement and advocacy, providing advice on competition matters, etc. The Commission estimates to maintain a similar manpower level in 2017-18.
2. The Commission is a statutory body funded by Government subvention. The Commission submits an income and expenditure estimate annually to the Government, and also keeps the Government informed of its plans for the coming years. We also have regular meetings with the executives of the Commission to obtain updates of the Commission's operational and resource needs. We will take into consideration the estimate and operational needs of the Commission when determining its subvention.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)165

(Question Serial No. 0576)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

In "Matters Requiring Special Attention in 2017-18" under this Programme, it was mentioned that the Branch will "take forward the plan to develop the Kai Tak Tourism Node into a world-class tourism, entertainment and leisure attraction." In this connection, would the Government inform this Committee of:

- (a) the specific work taken forward by the Government and the progress of the plan during the past year;
- (b) the specific work to be done by the Government to take forward the plan in 2017-18 and the estimated expenditure involved; and
- (c) the timetable for the plan of development of Tourism Node at Kai Tak.

Asked by: Hon WONG Kwok-kin (Member Question No. 6)

Reply:

The Government is taking forward the Kai Tak Tourism Node (Tourism Node) project for developing it into a world-class tourist and leisure attraction to draw local and worldwide visitations.

The Development Bureau launched an expression of interest (EOI) exercise for the development of the Tourism Node from 29 September 2015 to 8 December 2015. Ideas and suggestions received through the EOI exercise would be used by the Government for reference in taking forward the Tourism Node project. The Tourism Commission is working with relevant policy bureaux and departments on tender arrangement and will announce the details within this year. The Tourism Commission will deploy existing manpower and create two posts for 48 months (i.e. one Senior Town Planner and one Senior

Estate Surveyor) to take forward the Tourism Node project. The expenditure incurred for the creation of two posts for 2017-18 is \$2.614 million.

Subject to the outcome of tendering, it is planned that the project will be completed after 2021/2022.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)166

(Question Serial No. 0578)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Under the Matters Requiring Special Attention in 2017-18, it is mentioned that the Commerce, Industry and Tourism Branch will “continue to work closely with the Advisory Committee on Cruise Industry, the operators of the two cruise terminals and the HKTb to develop Hong Kong into a leading cruise hub in the region”. Will the Government inform this Committee of the following:

(a) the target and actual number of cruise berthing as well as the respective passenger throughput at the two cruise terminals over the past year (with a breakdown by each terminal);

(b) the number of cruise companies that have included Hong Kong into the itineraries of their cruise fleet over the past year and the plans of the Government to encourage more cruise companies to include Hong Kong into the itineraries of their cruise fleet in 2017-18;

(c) the average length of stay and per capita spending of cruise visitors to Hong Kong over the past year (with a breakdown by year) and the Government measures for attracting cruise visitors to extend their stay in Hong Kong; and

(d) whether the Government will allocate resources under the Estimates to enhance the composition of shops, facilities and external ancillary transport facilities of the Kai Tak Cruise Terminal; if yes, of the details; and if no, of the reasons for that.

Asked by: Hon WONG Kwok-kin (Member Question No. 2)

Reply:

(a)

The numbers of cruise ship calls and cruise passenger throughput (arrivals and departures) at the Kai Tak Cruise Terminal (“KTCT”), Ocean Terminal (“OT”) and other berthing facilities for conventional cruises in 2016 are tabulated as follows:

Year	Berthing facility	Number of ship calls	Cruise passenger throughput (arrivals and departures)
2016	KTCT	95	424 868
	OT	94	248 871
	Other berthing facilities	2	3 292

(b) & (c)

In 2016, there were 24 cruise brands that included Hong Kong in the cruise itineraries of their fleets.

The data regarding the average length of stay and per capita spending of cruise visitors visiting Hong Kong for 2016 are still being compiled by the Hong Kong Tourism Board (“HKTB”). The relevant figures for 2015 are tabulated as follows:

Year	Average length of stay		Per capita spending	
	Non-transit cruise visitors	Transit cruise visitors	Non-transit cruise visitors	Transit cruise visitors
2015	2.7 nights	1 night	\$2,950	\$1,597

The HKTB has been actively promoting cruise tourism. Its major initiatives in 2017-18 for promoting cruise tourism include –

(i) Strengthen Hong Kong’s image as Asia’s cruise hub

Continue to participate in large-scale international industry events to promote the appeal and advantages of Hong Kong as a cruise destination and to reinforce Hong Kong’s position as a cruise hub in the region.

(ii) Encourage cruise companies to include Hong Kong in their cruise itineraries

Continue to leverage on the “Asia Cruise Cooperation” (“ACC”) to cooperate with the neighbouring ports, so as to encourage cruise lines to include Hong Kong and other ACC ports in their cruise itineraries. The ACC ports will also organise joint promotions to induce more consumers to choose cruise travel products that cover the ACC ports, in particular Hong Kong.

(iii) Raise consumers' awareness of and demand for cruise travel

Launch publicity campaigns to promote the appeal of cruise holidays through digital and social media as well as public relations activities, targeting at consumers of various markets with a view to raising their interests in and demand for cruise tourism. In the long run, the initiatives will also help enhance the potential of Hong Kong as a source market for cruise tourism.

Moreover, the Government will allocate an additional provision of \$16 million for the HKTB in 2017-18 to continue implementing the “fly-cruise” programme, to support the industry in developing shore excursion products and to further cultivate the source markets in collaboration with cruise lines. Taking into account the additional provision for the HKTB as mentioned above, the HKTB’s total budget for promoting cruise tourism in 2017-18 is around \$31.5 million.

(d)

The Government has all along been attaching great importance to the facilities and services provided at the KTCT (including transportation). We have all along been working closely with the terminal operator and relevant departments to provide corresponding facilitation. In the past year, we have pursued the provision of ferry services in the vicinity of the KTCT and have strengthened the public transport services (including mini-bus and franchised bus). The terminal operator is responsible for the operation of the ancillary commercial areas at the KTCT. Their daily management and leasing arrangements (including the composition of the shops) are the terminal operator’s commercial decisions. The required manpower and relevant expenditure of the Tourism Commission for the development of the KTCT and its daily operation have been subsumed into the establishment and allocation for the Commerce, Industry and Tourism Branch of this Bureau.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)167

(Question Serial No. 1352)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (6) Travel and Tourism
(7) Subvention : Hong Kong Tourism Board

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

As mentioned in (paragraph 111 of) the Budget Speech, the Government will continue to implement the matching fund for promoting tourist attractions as well as waive local traders' participation fees for overseas promotional fairs. In this connection, will the Government inform this Committee of:

- (a) specifically the number of tourist attractions supported by the matching fund in 2016-17, the names of these attractions, the subsidies provided and their uses;
- (b) whether any assessment has been made on the actual assistance of the matching fund in promoting the development of local tourism; and
- (c) the monitoring mechanism and measures in place to ensure cost-effectiveness and reasonable utilisation of the subsidies provided by the matching fund.

Asked by: Hon WONG Kwok-kin (Member Question No. 9)

Reply:

In September 2015, the Government allocated an additional funding of \$10 million for setting up the Matching Fund for Overseas Tourism Promotion by Tourist Attractions (MFTA), providing local attractions with dollar-for-dollar subsidies to enhance their overseas promotions. The Hong Kong Tourism Board (HKTb) has been tasked to handle the applications and the funding allocation.

In the 2016-17 Budget, the Government allocated an additional fund with \$10 million to continue with the MFTA. Up till now, three phases of MFTA have been implemented. Number of successful applicants and related funding amount are listed below:

	Phase 1 (November 2015 – end of March 2016)	Phase 2 (end of June – end of December 2016)	Phase 3 (January – March 2017)
Number of successful applicants	10 (including Hong Kong 3D Museum, Hong Kong Disneyland Resort, Madam Tussauds Hong Kong, Ngong Ping 360, Noah's Ark, Ocean Park Hong Kong, Peak Tramways, PMQ, Repulse Bay Visual Art Museum and sky100 Observation Deck)	8 (including Hong Kong Disneyland Resort, Hong Kong Tramways, Madam Tussauds Hong Kong, Ngong Ping 360, Ocean Park Hong Kong, Peak Tramways, PMQ and sky100 Observation Deck)	6 (including Hong Kong Disneyland Resort, Madam Tussauds Hong Kong, Ngong Ping 360, Ocean Park Hong Kong, Peak Tramways and sky100 Observation Deck)
Markets covered	12 (including the Mainland, Taiwan, South Korea, Japan, Southeast Asia, India, the US and Australia)	10 (including the Mainland, Taiwan, South Korea, Japan, Southeast Asia and India)	11 (including the Mainland, Taiwan, South Korea, Japan, Southeast Asia, India and Australia)
Number of approved promotions	62 (including promotions on print, digital and social media, production of outdoor advertisement billboards, optimisation on search engines and provision of discounts on tour products and admission tickets that run in partnership with travel agencies, online travel agencies and airlines)	95 (including promotions on print, digital and social media, production of outdoor advertisement billboards, optimisation on search engines and provision of discounts on tour products and admission tickets that run in partnership with travel agencies, online travel agencies and airlines)	66 (including promotions on print, digital and social media, production of outdoor advertisement billboards, optimisation on search engines and provision of discounts on tour products and admission tickets that run in partnership with travel agencies, online travel agencies and airlines)
Amount granted	Around \$8 million	Around \$7 million	Around \$3.3 million

All applications for the MFTA were assessed by an assessment committee with members who are experienced in the tourism and related sectors. The assessment criteria include the effectiveness of the promotion proposals in enhancing the exposure for the tourist attractions and showcasing Hong Kong's diverse offerings as a tourist destination; the soundness of the proposals in reaching out to consumers in the source markets and raising their interest in coming to Hong Kong; and the specific publicity contents of the programmes, etc. These criteria aim to ensure the effectiveness of the approved promotions. Besides, as the MFTA is operated as dollar-for-dollar subsidies, the attractions are required to invest the same resources for promotion. Each attraction is obliged to submit documents in relation to the promotion activities such as receipts, promotion materials or overseas media coverage, etc. for HKTb's evaluation in order to ensure the funding is well spent.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)168

(Question Serial No. 0610)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (-) -

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

1. The application period of the special concessionary measures under the SME Financing Guarantee Scheme (SFGS) will be extended for 1 year. However, quite a number of enterprises hope that the Government can regularise the measures, without having to put forward them every year. In this regard, will the Government consider regularising the measures? If not, what are the reasons?
2. What are the respective numbers of enterprises assisted by the special concessionary measures under the SFGS and the loan amounts involved in the past 3 years? What are the default rates?

Asked by: Hon WONG Ting-kwong (Member Question No. 1)

Reply:

The special concessionary measures launched under the existing SME Financing Guarantee Scheme (SFGS) by the Hong Kong Mortgage Corporation Limited are time-limited special measures. The original application period was 9 months. In the light of the prevailing uncertain external economic environment, the Government has further extended the application period of the special concessionary measures for five years up to the end of February 2018 to continue to assist enterprises in obtaining financing in the commercial lending market. We do not have plans to turn the measures into a regular scheme.

As at the end of February 2017, the statistics related to applications under the special concessionary measures in the past three years are as follows:

	2014	2015	2016	2017 (1 January – 28 February)
No. of applications approved *	1 645	1 027	750	151
Facility amount for applications approved	\$5.814 billion	\$3.406 billion	\$2.428 billion	\$0.516 billion
Cumulative default rate ¹	1.25%	2.83%	4.58%	4.65%

* Excluding applications withdrawn by participating lenders after approval.

¹ This is a cumulative year end default rate: $\text{Default Rate} = (\text{Amount of net claims received} - \text{Net amount recovered from Lenders after compensation is made}) / \text{Total amount of guarantees approved} \times 100\%$.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)169

(Question Serial No. 0614)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

An additional sum of \$243 million will be allocated to support the Hong Kong Tourism Board in launching a series of measures to attract tourists. However, apart from increasing tourism projects, the Budget did not put forward any capacity expansion measures to absorb more tourists. Besides providing funds to facilitate the expansion of a theme park, what policies or measures will be implemented by the Government to expand Hong Kong's capacity to receive tourists?

Asked by: Hon WONG Ting-kwong (Member Question No. 3)

Reply:

The Government all along has overall planning of tourism facilities in the short, medium and long term with a view to showcasing the unique elements of Hong Kong, promoting diversification of tourism product, expanding source markets and attracting more high-spending overnight visitors to Hong Kong.

In recent years, we have strengthened the strategic planning direction of promoting cultural and creative tourism, including revitalisation of historic buildings into creative and cultural landmark, for instance, the PMQ, Jao Tsung-I Academy and the Tai O Heritage Hotel, to enhance Hong Kong's tourism appeal in cultural and historical aspect. The Ani-Com Park@Harbour "FUN", which is located near the Gold Bauhinia Square in Wan Chai North, opened in late April 2016. Besides, the new Central Waterfront has become a popular destination for visitors but is also being put to good use for large-scale events such as the Wine and Dine Festival and the FIA Formula E Hong Kong ePrix.

In the medium to long term, the West Kowloon Cultural District (WKCD) will be the focal point in cultural tourism of Hong Kong. Various facilities in WKCD will commence operation by phases starting from 2018. The Government has also planned to revitalise the historic building of Hung Shing Yi Hok in situ into the Tai Hang Fire Dragon Heritage

Centre, which is expected to commence operation in 2019. The Ocean Park is pressing ahead the development of an all-weather waterpark and two hotels, which are scheduled for completion from 2018 to 2020. A new resort-style hotel of the Hong Kong Disneyland with a theme dedicated to the spirit of exploration will be opened on 30 April this year. We are also taking forward the Kai Tak Tourism Node project for developing it into a world-class tourist and leisure attraction to draw local and worldwide visitations.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)170

(Question Serial No. 0615)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism)

Subhead (No. & title): (700) General non-recurrent

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

For the Belt and Road Initiative, a \$200 million Professional Services Advancement Support Scheme was launched in November last year. What is the application situation? When will the effectiveness of the scheme be reviewed? What factors will the Government take into account in deciding whether to continue the scheme? Will the Government consider extending the funding scope of the scheme to cover small and medium enterprises?

Asked by: Hon WONG Ting-kwong (Member Question No. 5)

Reply:

The Professional Services Advancement Support Scheme (PASS) was launched in November 2016. A total of 37 first round applications were received by the deadline of 28 February 2017. The Vetting Committee will consider the applications in April. The first batch of funded projects is expected to roll out in mid 2017. PASS continues to receive applications on a quarterly basis. The submission deadline of the second round is 31 May 2017.

At present, we consider it more appropriate to reserve government funding under PASS for non-profit-distributing organisations. This is mainly because as compared to profit-making firms, non-profit-distributing professional bodies or organisations are likely to be more representative of the overall interests of the professional services sector and organise projects to engage a larger number of professionals and firms. We plan to review the cost-effectiveness, funding principles and modus operandi of PASS two years after its commencement.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)171

(Question Serial No. 0616)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

1. The Government holds in high regard the negotiations with the Association of Southeast Asian Nations (ASEAN) as well as Georgia and Maldives along the Belt and Road for Free Trade Agreements as these negotiations will help open up markets in countries along the Belt and Road.

It is proposed earlier in the Policy Address that the establishment of the Belt and Road Office be beefed up. What are the specific manpower arrangements and expenditure involved? As the Government of the Special Administrative Region attaches high importance to the Belt and Road Initiative, will it expand the scale of the Belt and Road Office? If yes, what are the details? If no, what are the reasons?

Asked by: Hon WONG Ting-kwong (Member Question No. 6)

Reply:

The Belt and Road Office's replies are as follow -

At present, the Belt and Road Office (BRO) has 13 non-permanent posts, namely 1 Commissioner for Belt and Road (appointed on pro-bono basis), 1 Deputy Commissioner for Belt and Road (Post-retirement Service Contract post), 1 time-limited Administrative Officer grade post, 2 time-limited Trade Officer grade posts, 1 Executive Officer, 1 Personal Secretary and 3 Clerical grade posts on loan from the General Grades Office, 1 Motor Driver grade post on loan from the Government Logistics Department and 2 non-civil service contract posts (one for research work and the other administrative work). The provision of BRO for 2016-17 is \$25.429 million.

In 2017-18, BRO plans to create 16 permanent posts, including 2 Directorate grade posts, 2 Administrative Officer grade posts, 2 Trade Officer grade posts, 1 Information Officer grade post, 2 Executive Officer grade posts, and 7 posts belonging to the Secretarial, Clerical and Chauffeur grades, to replace the existing non-permanent establishment and increase manpower to ensure that the office can take forward the work under the Belt and Road Initiative more effectively and on a long-term basis. The estimated overall expenditure of BRO for 2017-18 is \$35.038 million which is mainly for salaries and other operating expenses.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)172

(Question Serial No. 0704)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Regarding the Government's efforts in fostering co-operation with Taiwan on trade, investment and tourism fronts, please inform this Committee of the policy, measures and progress concerned, as well as the financial resources and manpower involved.

Asked by: Hon WONG Ting-kwong (Member Question No. 21)

Reply:

The Hong Kong Special Administrative Region Government has been fostering co-operation between Hong Kong and Taiwan in the areas of trade, investment and tourism. Relevant work includes –

- On trade promotion, the Hong Kong Trade Development Council (HKTDC) has been actively promoting the commerce and trade cooperation and exchanges between Hong Kong and Taiwan, and encouraging Taiwanese enterprises to co-operate with Hong Kong companies and leverage on Hong Kong's services platform to tap the overseas and Mainland markets. Also, the Taipei Office of the HKTDC often organises various types of promotional activities to provide an interactive platform for enterprises of the two places, thereby creating opportunities for co-operation. In 2016-17, the HKTDC has organised more than 60 activities in Hong Kong and Taiwan to promote the economic and trade relations between the two places, including organising Taiwanese enterprises to participate in various exhibitions and forums held in Hong Kong. The HKTDC's relevant expenditure in 2016-17 is around \$6.8 million.

In 2017-18, the HKTDC will continue to promote trade ties between Hong Kong and Taiwan through organising different activities such as trade fairs, outbound missions, symposiums, seminars, roadshows and business matching activities, etc. In addition, the HKTDC will put more emphasis on promoting sectors where Hong Kong enjoys advantages, such as brand marketing, infrastructure and real estate, and licensing, etc. The estimated budget of the HKTDC for trade promotion work targeting Taiwan in 2017-18 is around \$6.8 million.

- On investment promotion, Invest Hong Kong (InvestHK) has been actively promoting Hong Kong's business advantages in Taiwan. Through the investment promotion unit at the Hong Kong Economic, Trade and Cultural office in Taiwan, InvestHK has been reaching out proactively to a wide spectrum of Taiwanese companies and visiting enterprises in different cities in Taiwan so as to encourage Taiwanese companies to leverage on the business advantages of Hong Kong to expand their regional operations. In 2016-17, InvestHK's expenditure on investment promotion work in Taiwan is around \$1 million (not including staff costs or other general expenses funded under Head 144).

In 2017-18, InvestHK will continue to promote the above work. It will conduct investment promotion visits so as to attract more Taiwanese companies to set up or expand their business in Hong Kong. The estimated budget of InvestHK for investment promotion work in the Taiwan market in 2017-18 is about \$1 million (not including staff costs or other general expenses funded under Head 144).

- On tourism, Taiwan is currently Hong Kong's second largest source market. The Hong Kong Tourism Board (HKTb) attracts young visitors and families to spend their vacation in Hong Kong by leveraging on the diverse mega events held in Hong Kong, such as Hong Kong Cyclothon, Hong Kong Wine & Dine Festival and Hong Kong WinterFest. Promotion initiatives will be undertaken through digital marketing and public relations promotion, as well as partnering with the trade to launch tactical sales of tourism products and consumer activities. The HKTb also disseminates the latest tourism information about Hong Kong such as dining trends to visitors in the Taiwan market from time to time. The revised estimate of the HKTb for the marketing programmes in the Taiwan market in 2016-17 is \$17.5 million. Overnight visitor arrivals from Taiwan increased by 4.9% in 2016.

In 2017-18, the HKTb will continue stepping up its marketing efforts targeted at the young and family segments in Taiwan. Besides collaborating with TV channels and digital media in Taiwan to showcase Hong Kong's unique and diverse travel experiences through new brand campaign videos and TV travelogues, the HKTb will join hands with the travel trade, hotels, attractions and airlines to launch attractive tourism products targeted at young visitors and families. In addition, the HKTb will strengthen its partnership with Taiwan to promote multi-destination itineraries and products featuring Hong Kong and Taiwan in long-haul markets. The estimated marketing budget of the HKTb in 2017-18 for the Taiwan market is \$12.2 million.

Regarding cruise tourism, the HKTB will continue to work with Taiwan and other neighbouring ports to leverage on the Asia Cruise Fund to promote co-operation among the ports in the region. The Asia Cruise Fund provides subsidies to cruise lines to encourage them to develop and promote cruise products featuring Hong Kong and other neighbouring ports (including Taiwan), so as to encourage them to include Hong Kong, Taiwan and other neighbouring ports in their itineraries in Asia, and to help increase the number of cruise ships visiting the region. At the same time, the HKTB, through the Asia Cruise Cooperation formed with other neighbouring ports (including Taiwan), will promote the tourism infrastructure and facilities, as well as the unique appeal of the participating ports to cruise lines through joint promotion and participation in large-scale industry events with a view to synergising the efforts, so as to encourage cruise lines to include the ports concerned in their itineraries.

Moreover, the Government will continue to, through the platforms of “Hong Kong-Taiwan Economic and Cultural Cooperation and Promotion Council” and “Hong Kong-Taiwan Business Co-operation Committee” of Hong Kong, and the “Taiwan-Hong Kong Economic and Cultural Co-operation Council” and “Economic Co-operation Committee” of Taiwan, foster economic and trade exchanges and co-operation between Hong Kong and Taiwan in different aspects.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)173

(Question Serial No. 0710)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The business sector has all along opined that the SME Financing Guarantee Scheme (SFGS) is not as user-friendly as the Special Loan Guarantee Scheme (SpGS) launched in 2008. Has the Government deployed manpower and financial resources to study the advantages, disadvantages, differences and similarities between the two? If so, what are the details? What are the justifications for the Government to replace the SpGS with the SFGS? What are the manpower and financial resources deployed during the study of the issues involved?

Asked by: Hon WONG Ting-kwong (Member Question No. 23)

Reply:

In the light of the global financial crisis at the time, the Government introduced the Special Loan Guarantee Scheme (SpGS) in end 2008 to help enterprises tackle financing difficulties arising from the credit crunch problem. The SpGS was a time-limited initiative and an exceptional measure introduced during exceptional times. The scheme provided a maximum guarantee of up to 80% of the approved loan without any charge. Therefore, the risks were largely borne by taxpayers. The scheme has ceased receiving applications since 31 December 2010.

In 2012, when considering appropriate measures to support small and medium enterprises (SMEs) amidst the uncertain external economic environment, the Government decided that the Hong Kong Mortgage Corporation Limited (HKMC) should implement time-limited special concessionary measures under the SME Financing Guarantee Scheme (SFGS) from 31 May 2012, under which an 80% loan guarantee would be offered at a concessionary guarantee fee rate, while the Government would provide a loan guarantee commitment of up to \$100 billion. The original application period for the special concessionary measures was 9 months until end February 2013, but the application period was subsequently extended five times - the Financial Secretary announced in the 2017-18 Budget the further

extension of the application period for the special concessionary measures for another year until end February 2018.

Under the special concessionary measures, borrowers have to pay a guarantee fee to secure loan guarantee, so as to ensure that the loan risk exposure is shared by borrowers, the Government and lenders. To further relieve the burden of borrowers, the annual guarantee fee rate for the measures has been reduced by 10% and the minimum guarantee fee for the measures has been removed starting from 1 June 2016.

Apart from the time-limited special concessionary measures under the SFGS, SMEs may also obtain loans in the commercial lending market under the regular SME Loan Guarantee Scheme administered by the Trade and Industry Department. Both of the above loan guarantee schemes accept applications from all trades and industries. The loan guaranteed can be used to finance business operating costs, such as rent and staff salaries. We consider that the above measures can provide a strong support for SMEs in terms of financing. There is no need to relaunch the SpGS. The expenditure of the above work has been subsumed within the provision of the bureaux/departments concerned, and is difficult to quantify separately.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)174

(Question Serial No. 0923)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Regarding the development of convention and exhibition venues, the Government has released information that the following 3 sites may be developed into convention and exhibition venues: (a) a site beside the AsiaWorld-Expo (AWE); (b) the Wan Chai Sports Ground; and (c) a site above the Exhibition Station of the Sha Tin to Central Link.

According to the latest estimation, how many convention and exhibition venues can be provided from the above 3 sites? What are the latest development plans for the 3 sites? What is the time table for the commencement of the AWE Phase 2 project anticipated by the Government?

Asked by: Hon WU Chi-wai (Member Question No. 2)

Reply:

The Government adopted the recommendation of the Working Group on Convention and Exhibition Industries and Tourism under the Economic Development Commission in 2014, and commissioned a consultancy study to assess the demand for convention and exhibition (C&E) facilities in Hong Kong for the 15-year period between 2014 and 2028. The result indicates that by 2028 there will be a shortfall of about 130 000 square metres of C&E space in Hong Kong at peak periods. The consultant, having regard to four major considerations, i.e. meeting unmet demand, whether the suggestions could be implemented, whether the Government could involve, and key risks and constraints, and after conducting a quantitative economic impact assessment, put forward to the Government recommendations for the short, medium and long terms that it considered feasible.

To maintain the competitiveness of the C&E industry, the Government has all along been exploring different options to increase the floor area of C&E venues, including:

- (a) Land has been reserved for the expansion of the AsiaWorld-Expo (AWE) when it was constructed on the Airport Island. According to the relevant lease conditions, exhibition and convention centres with a total gross floor area (GFA) of not exceeding 200 000 square metres can be constructed on the Airport Island. The existing AWE has a total GFA of about 112 000 square metres, among which about 66 000 square metres are dedicated C&E space. Therefore, AWE may expand by a total GFA of about 88 000 square metres in future, and the dedicated C&E space available would be subject to design. The Government will continue to examine the AWE expansion plan with the Board of Directors of AWE.
- (b) The Home Affairs Bureau plans to build and improve a number of sports and recreation facilities in the coming five years. In view of such plan, the Government considers that the feasibility of comprehensive development at the Wan Chai Sports Ground (WCSG) site can be examined. Therefore, the Chief Executive proposed in this year's Policy Address the comprehensive development of WCSG to provide C&E, sports, recreation and other community facilities, with a view to optimising land use. The Government has invited the Hong Kong Trade Development Council (TDC) to conduct the feasibility study. The scale of the development as well as the uses floor areas and ratio of various facilities (i.e. C&E, sports, recreation and other community facilities) can only be estimated after TDC has completed the study.
- (c) The Government will construct a convention centre above the Exhibition Station of the Shatin-to-Central Link upon the latter's completion in around 2020. At the Government's invitation, TDC is carrying out the design work. The Government's preliminary estimate in 2015 was that the convention centre could provide convention space of about 10 000 square metres. The floor area will be further updated after TDC has completed the design work.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)175

(Question Serial No. 2154)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Regarding convention and exhibition (C&E) venues, the report of the consultancy study commissioned by the Government and published earlier on has indicated that there will be a shortfall of about 130 000 square metres of C&E space by 2028. Given that the Government will “continue to promote co-operation between major C&E facilities”:

1. Have any assessments been made in the above consultancy report or by the Government itself on current shortage (in square metres) of C&E venues?
2. Since the construction of the convention centre above the Exhibition Station of the Shatin-to-Central Link, the C&E facilities of West Kowloon Culture District and the proposed development of Wan Chai Sports Ground would commence only after 2020, has the Government assessed the shortfall of venues for the next 5 years? Are there any measures to alleviate the shortfall?
3. Apart from the Hong Kong Convention and Exhibition Centre and the AsiaWorld-Expo, has the Government compiled statistics on the current number of venues (including private, non-profit-making and public bodies) for holding conventions and exhibitions regularly? If yes, what are the details, including information on their locations, areas available for exhibition/convention and usage?
4. Has the Government provided any assistance or coordination to the above venues?

Asked by: Hon WU Chi-wai (Member Question No. 1)

Reply:

1. The Government adopted the recommendation of the Working Group on Convention and Exhibition Industries and Tourism under the Economic Development Commission in 2014, and commissioned a consultancy study to assess the demand for convention and exhibition (C&E) facilities in Hong Kong for the 15-year period between 2014 and 2028. The result indicates that by 2018, 2023 and 2028 there will respectively be a shortfall of about 55 700 square metres, 84 400 square metres and 130 000 square metres of C&E space in Hong Kong at peak periods.

2. To maintain the competitiveness of the C&E industry, the Government has all along been exploring different options to increase the floor area of C&E venues, including:

(a) Land has been reserved for the expansion of the AsiaWorld-Expo (AWE) when it was constructed on the Airport Island. According to the relevant lease conditions, exhibition and convention centres with a total gross floor area (GFA) of not exceeding 200 000 square metres can be constructed on the Airport Island. The existing AWE has a total GFA of about 112 000 square metres, among which about 66 000 square metres are dedicated C&E space. Therefore, AWE may expand by a total GFA of about 88 000 square metres in future, and the dedicated C&E space available would be subject to design. The Government will continue to examine the AWE expansion plan with the Board of Directors of AWE.

(b) The Government will construct a convention centre above the Exhibition Station of the Shatin-to-Central Link upon the latter's completion in around 2020. At the Government's invitation, TDC is carrying out the design work. The Government's preliminary estimate in 2015 was that the convention centre could provide convention space of about 10 000 square metres. The floor area will be further updated after TDC has completed the design work.

(c) West Kowloon Cultural District (WKCD) Authority is considering the idea of developing a medium-sized multi-purpose venue for exhibition, convention and performance purposes in the western part of the WKCD through private sector investment. The floor area is subject to concrete proposal.

(d) Home Affairs Bureau plans to build and improve a number of sports and recreation facilities in the coming five years. In view of such plan, the Government considers that the feasibility of comprehensive development at the Wan Chai Sports Ground (WCSG) site can be examined. Therefore, the Chief Executive proposed in this year's Policy Address the comprehensive development of WCSG to provide C&E, sports, recreation and other community facilities, with a view to optimising land use. The Government has invited the Hong Kong Trade Development Council (TDC) to conduct the feasibility study. The scale of the development as well as the uses, floor areas and ratio of various facilities (i.e. C&E, sports, recreation and other community facilities) can only be estimated after TDC has completed the study.

The development schedule of the above projects depend on a number of factors, including the progress of design or feasibility study, financial arrangement, etc. In the short term, the Government has been encouraging exhibition organisers to adopt the “one show, two venues” or the “two shows, two venues” approach in holding exhibitions, so as to make good use of the C&E facilities in Hong Kong. To successfully organise exhibitions under different approaches, there should be close coordination between the venue operators and exhibition organisers. Exhibitors and buyers also need time to adapt.

3. Currently, there are two major dedicated C&E facilities in Hong Kong (i.e. the Hong Kong Convention and Exhibition Centre (HKCEC) and AWE) where regular large-scale C&E events are held. There is tight supply of space during major purchasing seasons at both venues. Therefore, we need more large-scale C&E venues to attract large-scale international conventions and exhibitions to Hong Kong. There are also other smaller and non-dedicated venues, such as Kowloon Bay International Trade and Exhibition Centre, Kai Tak Cruise Terminal and meeting facilities in hotels, but only smaller-scale, less frequent events can be held. The Government does not maintain statistics of space of these venues.

4. The “Meetings and Exhibitions Hong Kong” Office under the Hong Kong Tourism Board is committed to promoting meetings, incentive travels, convention and exhibition tourism, and has been actively assisting organisations intending to hold international conferences and exhibitions in Hong Kong in their search for suitable venues, and providing them with reference information of suitable locations.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)176

(Question Serial No. 2157)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (6) Travel and Tourism
(7) Subvention : Hong Kong Tourism Board

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

On “capitalising on high-impact international and regional TV networks to maximise exposure and publicity for Hong Kong”:

1. What government departments or public organizations, other than the Tourism Board, are responsible for coordinating the foreign media to come to Hong Kong to shoot travelogues?
2. How many “international and regional TV networks” came to Hong Kong last year to shoot travelogues and how many failed to come to Hong Kong after making enquiries ?
3. Has the government compiled statistics on or conducted investigations into the reasons why the media that intended to come to Hong Kong gave up doing so eventually?

Asked by: Hon WU Chi-wai (Member Question No. 4)

Reply:

(1), (2) and (3)

The Hong Kong Tourism Board (HKTb) receives foreign media coming to Hong Kong to shoot travelogues from time to time. In 2016, the HKTb facilitated the filming of over 450 media organisations from around the world, including over 80 international and regional television channels, in Hong Kong.

International media organisations that are interested in filming in Hong Kong can obtain related information through the HKTB head office, its worldwide offices and representatives, as well as local productions houses. As the content and scope of their enquiries are extensive, the HKTB has no information regarding the number of enquiries they have made.

The Government does not have the figures of foreign media shooting travelogues in Hong Kong and relevant enquires.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)177

(Question Serial No. 2861)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Regarding the operation of the Hong Kong Disneyland Resort, the Government stated in a paper recently submitted to the Legislative Council that it would review the operation of the Hongkong International Theme Parks Limited (HKITP), including the calculation of the management fee payable to The Walt Disney Company and relaxation of restrictions imposed on the surrounding areas of the Resort.

1. Will the Government also review its shareholding ratio in the HKITP or formulate the criteria for selling its shares to third party investors?
2. What is the Government's expected timing to implement the revised calculation of the management fee and relaxation of the restrictions on the surrounding areas as mentioned above?
3. What are the establishment and ranks of officers currently responsible for monitoring the operation of the Resort and negotiation with Disney?

Asked by: Hon WU Chi-wai (Member Question No. 3)

Reply:

Hong Kong Disneyland Resort (HKDL) is an important and strategic tourism infrastructure of Hong Kong, and its development has to tie in with the Government's policy to promote tourism industry and overall economic development. Given HKDL's strength in attracting high-value added visitors from all over the world and lengthening their stay in Hong Kong, it has been bringing significant economic benefits and employment opportunities, benefitting hotel and other tourism-related trades, as well as retail, food and beverage sectors.

The Government is the majority shareholder of the Hongkong International Theme Parks Limited (HKITP). This status is conducive to our monitoring of HKDL, as an important tourism infrastructure, to ensure that the direction and pace of HKDL's development (such as mode, scale, cadence, timetable and positioning) will tie in with the sustainable development of our tourism industry towards diversified and high value-added services. Same as other Government's investments, we will continue to monitor closely various factors in relation to HKDL, such as its financial performance, its role to tie in with the Government in promoting tourism industry and overall economic development, so as to review the Government's investment position in HKITP as and when appropriate.

The Walt Disney Company (TWDC), having regard to the views of the Legislative Council Panel on Economic Development and in order to show its comments to Hong Kong and HKDL, has agreed to waive HKDL's variable management fees for Fiscal Year 2018 (FY18) and FY19, as part of the arrangement details for taking forward the expansion and development plan. Moreover, TWDC has also agreed in-principle to relax height restrictions on the Government land in the vicinity of HKDL, and the Government will continue to discuss with TWDC the specific details.

In the Tourism Commission, there is an Assistant Commissioner for Tourism post, pitched at Directorate Pay Scale Point 2, which is responsible for coordinating matters relating to HKDL, as well as other duties relating to promoting the development of Hong Kong's tourism industry. In 2017-18, there are also one permanent Senior Treasury Accountant post (Master Pay Scale Point 45-49), one permanent Administrative Officer post (Master Pay Scale Point 27-44) and one permanent Executive Officer I post (Master Pay Scale Point 28-33) in the Tourism Commission that are responsible for the work relating to HKDL. Other relevant staffing and expenditure have been subsumed within the establishment and provision of the Commerce, Industry and Tourism Branch of this Bureau, and it is difficult to quantify them separately.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)178

(Question Serial No. 3020)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Regarding the promotion of the development of cruise tourism:

1. Please provide information on the cruise vessel calls to Hong Kong in the previous year, with a breakdown by cruise names, gross tonnage, number of passengers and per capita spending.
2. Please provide information on the anticipated cruise vessels calls to Hong Kong in the coming year.
3. It is learnt that some cruise vessels already chose to homeport at Hong Kong last year. Are there any on-going discussions about similar arrangements with other cruise vessels/companies? If yes, when will the results be available?
4. Are there any government statistics on the economic benefits generated by cruise vessels homeporting at Hong Kong? How do they compare with the economic benefits generated by non-homeporting cruise vessels?
5. As there are high and low seasons in cruise vessel industry, are there any government initiatives for optimizing the facilities of the cruise terminal during the low season, including converting part of the terminal into a venue for convention and exhibition? If yes, what are the details?
6. Has the Government set any utilisation targets for the berthing and indoor facilities in the cruise terminal for both high and low seasons? If yes, what are the details? Were these targets met in the past?

Asked by: Hon Wu-Chi-wai (Member Question No. 5)

Reply:

1. The numbers of ship calls at the Kai Tak Cruise Terminal (“KTCT”), Ocean Terminal (“OT”) and other berthing facilities for conventional cruises in 2016 as well as the names, gross tonnage and passenger capacity of the cruise ships concerned are tabulated as follows:

Number of ship calls	
KTCT	OT and other berthing facilities
95	96

Relevant cruise ship information					
KTCT			OT and other berthing facilities		
Name	Gross tonnage^	Passenger capacity^	Name	Gross tonnage^	Passenger capacity^
Artania	44 348	1 176	Amsterdam	62 735	1 380
Astor	20 606	590	Arcadia	83 500	2 016
Azamara Quest	30 277	686	Aurora	76 152	1 868
Celebrity Millennium	91 000	2 138	Azamara Journey	30 277	676
Costa Fortuna	102 587	2 716	Costa Victoria	75 166	2 394
Costa Victoria	75 166	2 394	Crystal Serenity	68 870	1 090
Diamond Princess	115 875	2 706	Europa	28 890	408
Genting Dream	151 300	3 352	Europa 2	42 830	516
Golden Princess	108 865	2 624	Genting Dream	151 300	3 352
Hamburg	14 903	408	L'Austral	10 700	264
Oceania Insignia	30 277	684	Le Soleal	10 944	264
Legend of the Seas	69 130	2 076	MSC Lirica	59 058	1 976
Mariner of the Seas	137 276	3 807	Oceania Nautica	30 277	684
Norwegian Star	91 740	2 348	Queen Elizabeth	90 900	1 980
Ovation of the Seas	167 800	4 180	Queen Victoria	90 049	2 023
Pacific Princess	30 277	694	Seabourn Sojourn	32 000	450
Queen Mary 2	151 400	2 620	Seven Seas Voyager	42 363	700
Sapphire Princess	115 875	2 670	Silver Shadow	28 258	382

Relevant cruise ship information					
KTCT			OT and other berthing facilities		
Name	Gross tonnage^	Passenger capacity^	Name	Gross tonnage^	Passenger capacity^
Sea Princess	77 690	2 016	Silver Whisper	28 258	382
Seabourn Sojourn	32 000	450	Sun Princess	77 441	1 950
Seven Seas Voyager	42 363	700	SuperStar Aquarius	51 309	1 529
Silver Shadow	28 258	382	SuperStar Libra	42 276	1 472
Superstar Virgo	75 338	1 870	Superstar Virgo	75 338	1 870
Volendam	61 214	1 432	Oriental Dragon	18 455	500
Voyager of the Seas	137 276	3 807			
World Odyssey	22 400	552			

^ Figures on gross tonnage and passenger capacity of cruise ships are prepared based on available information and are for reference only.

2. According to the booking of berthing slots received by the operators of the KTCT, OT and other berthing facilities as of early March 2017, the estimated numbers of ship calls at the berthing facilities for conventional cruises in 2017 are tabulated as follows respectively:

Year	Number of conventional cruise ship calls				
	KTCT		OT	Other berthing facilities	Total
	Cruises with passengers embarking or disembarking at Hong Kong	Transit cruises			
2017	155	41	57	4	257

Berthing schedule in 2017		
Month	KTCT	OT and other berthing facilities
January	Genting Dream Celebrity Millennium Volendam Norwegian Star	Silver Whisper Azamara Journey Seabourn Sojourn Costa Victoria China Star

Berthing schedule in 2017		
Month	KTCT	OT and other berthing facilities
February	Genting Dream Oceania Nautica Celebrity Millennium Celebrity Constellation Volendam	Costa Victoria Europa 2 Asuka II Seabourn Sojourn
March	Amsterdam Oceania Nautica Genting Dream Seabourn Sojourn MSC Lirica Queen Mary 2 Superstar Virgo MV Magellan Celebrity Millennium Celebrity Constellation Volendam AIDAbella Costa Victoria Europa 2 Seven Seas Voyager	Arcadia Costa Victoria Pacific Princess Crystal Symphony Europa Oceania Insignia Queen Elizabeth Seven Seas Voyager Silver Whisper Superstar Virgo
April	Queen Mary 2 Genting Dream Mariner of the Seas Ovation of the Seas Superstar Virgo Celebrity Millennium AIDAbella Silver Shadow Diamond Princess Costa Victoria	Costa Victoria Dawn Princess Seabourn Sojourn Silver Shadow Superstar Virgo The World
May	Genting Dream Superstar Virgo	Superstar Virgo
June	Golden Princess Genting Dream Voyager of the Seas Majestic Princess Norwegian Joy	L'Austral
July	Genting Dream Voyager of the Seas	Costa Victoria
August	Genting Dream Voyager of the Seas	Costa Victoria
September	Genting Dream Voyager of the Seas	Costa Victoria

Berthing schedule in 2017		
Month	KTCT	OT and other berthing facilities
October	Genting Dream Voyager of the Seas Mariner of the Seas Ovation of the Seas Celebrity Millennium Costa Fortuna Costa Victoria	Costa Victoria Silver Shadow L'Austral
November	Genting Dream Sapphire Princess Diamond Princess Amsterdam Ovation of the Seas Volendam Costa Fortuna Celebrity Millennium	Silver Shadow
December	Genting Dream Celebrity Millennium Costa Fortuna MSC Lirica Volendam Superstar Virgo	Seven Seas Voyager Azamara Journey

3.& 4.

Cruise tourism is an important part of the development of a diversified tourism portfolio in Hong Kong. It can draw more high-spending visitors to Hong Kong, thereby bringing in economic return. Upon arrival in Hong Kong, transit cruise visitors would usually go on-shore for sightseeing, dining and shopping. Cruise visitors and crew members having itineraries which embark or disembark at Hong Kong would stay overnight and incur spending in Hong Kong before boarding or after leaving the cruise ships. This will spur the development of local tourism, hotel, retail, transport as well as food and beverage industries. The associated support services for cruise terminal operation have also created quite a number of job opportunities for Hong Kong. Moreover, the travel trade of Hong Kong is gaining benefits from the development of cruise tourism with greater varieties of travel products for them to offer for sale. Hence, irrespective of whether a sailing is a homeport one or not, all cruise ships visiting Hong Kong would bring economic benefits to various sectors.

When seeking the Legislative Council's funding approval for the construction of KTCT in 2009 and 2010, the Government indicated that after the commissioning of KTCT, the expected economic benefits that the whole cruise industry would bring to Hong Kong by 2023 would be around \$1.5 billion to \$2.6 billion. We have been evaluating the economic benefits being brought about by the cruise industry for Hong Kong through closely monitoring the number of ship calls, passenger throughput (arrivals and departures), and spending of the cruise visitors. We will, after KTCT has gained sufficient operational experience and gathered relevant spending and economic statistics, conduct quantitative assessment on the economic benefits brought about by the cruise industry.

The total visitor throughput for different types of cruise itineraries and average per capita spending of cruise visitors visiting Hong Kong in the past 3 years are tabulated as follows:

	Cruises with passengers embarking or disembarking at Hong Kong		Transit cruises	
Year	Total cruise visitors throughput (arrivals and departures)*	Average per capita spending (HK\$)	Total cruise visitors throughput (arrivals and departures)*	Average per capita spending (HK\$)
2013	120 907	4,699	45 466	1,545
2014	217 266	3,480	68 116	1,312
2015	252 922	2,950	74 184	1,597

* The figures exclude Hong Kong residents.

International cruise lines plan their ship deployments taking into consideration various commercial factors including their respective market positioning, target source markets and the design of cruise itineraries, etc. Therefore, the final ship deployment (including the choice of homeport) as well as the number of ship calls and days involved would be the business decision of individual cruise lines.

That notwithstanding, the Tourism Commission, the Hong Kong Tourism Board (HKTb) as well as cruise terminal operators have all along been proactively promoting to cruise lines the appeal of Hong Kong as a cruise destination. The Government also launches different initiatives to drive more cruise lines' deployments to Hong Kong, as well as to favourably consider Hong Kong as the homeport of their fleets. These initiatives include the Asia Cruise Cooperation formed in partnership with the neighbouring ports, the promotion on "fly-cruise", the support for the industry in developing shore excursion products and further cultivating the source markets in collaboration with the cruise lines, etc. Amongst the cruise lines, the Royal Caribbean International has, since 2015, deployed its Voyager of the Seas to homeport at Hong Kong during the summer season for three consecutive years, and has subsequently deployed its Ovation of the Seas to Hong Kong for homeport sailings. Separately, Dream Cruises plans to choose Hong Kong as the homeport for its brand new cruise ship, the "World Dream", in late 2017 following the deployment of its "Genting Dream" to homeport in Hong Kong year-round since November last year.

5. & 6.

The cruise and other businesses (including non-cruise events) of the KTCT continue to grow steadily. The total number of ship calls in 2016 was 95, representing a 70% increase from the 56 ship calls in 2015. The cruise ships calling at KTCT have also become more diversified, and the number of international cruise brands calling at KTCT has doubled from 9 in 2015 to 18 in 2016. According to our estimate, the number of ship calls at KTCT will

continue to increase, reaching almost 200 in 2017, and there would be ship calls in every month throughout the year.

In general, the peak season of the cruise industry in Hong Kong is from January to March and from October to December every year. From January to March and from October to December in 2016, there were 70 days with cruise ships at berth at KTCT. It is expected that the number of days with cruise ships at berth at KTCT would be around 90 in the same period of 2017. When the premises within the terminal is not used for cruise berthing operations, such premises can be used for hosting events to optimise the utilisation of its facilities and increase the number of visitors thereto. Since the commissioning of KTCT, over 60 events involving over 150 days were held within KTCT premises and on its adjacent sites. They included various car shows, concerts, cruise holiday expos, pet product expo and running events, etc. Some of the event organisers and brands even used KTCT as their event venue for more than once.

KTCT is currently run by a terminal operator on commercial basis. The Tourism Commission has been monitoring the business development of the terminal operator, including the number of ship calls, the situation of hosting non-cruise events at KTCT etc. However, it is not the industry's practice to impose a rigid target on the utilisation of cruise terminals. That notwithstanding, we will continue to urge the terminal operator to further increase the number of ship calls and the number of events held at KTCT.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)179

(Question Serial No. 3023)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (700) General non-recurrent

Programme: (-) -

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Regarding the “consultancy on the Phase 2 development of the Hong Kong Disneyland Resort” which the consultancy firm KPMG Transaction Advisory Services Limited has been commissioned to conduct since 2015,

1. What are the details and objectives of the consultancy study? What are the progress and expected completion date of the study?
2. Will the Government publish the study? If so, when is the expected timing for the publication? If not, what are the reasons?
3. Given that the approved commitment under the relevant subhead is about \$27 million, what is the estimated total expenditure on the study?
4. Apart from commissioning the consultancy firm concerned, has the Government commissioned (and will it commission) other consultancy firms to study the operation and/or development plans of the Resort? If so, what are the details?

Asked by: Hon WU Chi-wai (Member Question No. 6)

Reply:

The Tourism Commission has engaged a financial consultant, KPMG Transaction Advisory Services Limited, to provide support and expert advice to the Government on financial matters in relation to the overall development of Hong Kong Disneyland Resort (HKDL), including its expansion and development plan announced in 2016. The total contract sum of the consultancy study is set at \$6.871 million, and the actual expenditure will depend on the progress and the work ultimately required.

The consultant's report is for the Government's internal consideration only, and according to the agreement signed between the Government and The Walt Disney Company for the HKDL project, the financial data of HKDL covered in the consultant's report is confidential commercial information and cannot be disclosed. The Government currently has no plan to engage other consultants for studying matters in relation to the operation and/or development of HKDL.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)180

(Question Serial No. 4505)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (000) Operational expenses

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Under Programme (2), the provision for 2017-18 is \$520.8 million (239.6%) higher than the revised estimate for 2016-17. The reasons behind that include the implementation of various schemes and the creation of 23 posts. Please set out in detail (a) the expenditure/cash flow requirement for each scheme; (b) the establishment/ranks, payroll expenses and duties of the 23 posts.

Asked by: Hon WU Chi-wai (Member Question No. 120)

Reply:

CITB and the Belt and Road Office's consolidated replies are as follows:

The higher estimated expenditure under Programme (2) for 2017-18 against the revised estimate for 2016-17 is mainly due to-

- The increase in cash flow requirement for the Special Concessionary Measures under the SME Financing Guarantee Scheme, which accounts for \$412 million. Under the special concessionary measures of the SME Financing Guarantee Scheme, the Government is required to pay sufficient amount of funds to the Hong Kong Mortgage Corporation Limited in meeting the requirements of payments for default compensations and the necessary out-of-pocket expenses. The estimated cash flow requirements under the measures may fluctuate every year.
- The increase in cash flow requirement for the Measures for Manpower Development of Retail Industry, which accounts for \$3.55 million.

- The beginning of cash flow requirement for the Professional Services Advancement Support Scheme (PASS), which accounts for \$40 million. PASS was launched in November 2016. The first batch of funded projects is expected to roll out in mid-2017.
- The inclusion of the estimated overall expenditure of the Belt and Road Office (BRO), which accounts for \$35.038 million. This is mainly for beefing up the office's establishment and resources to ensure that the office can take forward the work under the Belt and Road Initiative more effectively and on a long-term basis.
- The estimated increase of \$5 million for the subscription to the WTO and increase in the departmental expenses.

In addition, 23 posts are planned for creation in 2017–18. The details are set out below-

- Planned creation of 16 posts in BRO, including 2 directorate grade posts, 2 Administrative Officer grade posts, 2 Trade Officer grade posts, 1 Information Officer grade post, 2 Executive Officer grade posts, and 7 posts belonging to the Personal Secretary, Clerical and Chauffeur grades, to replace the existing non-permanent establishment and increase manpower to ensure that the office can take forward the work under the Belt and Road Initiative more effectively and on a long-term basis.
- Planned creation of three time-limited posts for four years to expand the network of the overseas Economic and Trade Offices (ETO) to tap new markets and enhance promotion, including one directorate Administrative Officer grade post, one Executive Officer grade post and one Personal Secretary grade post. In connection with the Government's plan to set up new ETOs in India, Mexico, Russia, South Africa and the United Arab Emirates, the directorate officer will mainly be responsible for formulating strategies and discussing with respective governments to take forward the initiative, to be supported by the Executive Officer and Personal Secretary.
- Planned creation of one Engineer grade post (time-limited post for 1 year) to follow up the design work of the convention centre above the Exhibition Station of the Shatin to Central Link.
- Planned creation of three posts to enhance the administrative support to this branch, including one Supplies Officer grade post, one System Analyst/Programmer post and one Clerical Officer grade post to strengthen the general support on supplies and procurement, information technology and personnel-related matters.

For the purpose of preparing the 2017-18 estimates of expenditure, a total provision of \$20.827 million has been reserved for the payroll of the 23 posts mentioned above. The proposal on the establishment of the Belt and Road Office and the proposed creation of the directorate posts including that for the expansion of the ETOs' network will, in accordance with the procedures for creation of directorate posts, be reported to the Panel on Commerce and Industry, and submitted to the Establishment Subcommittee and the Finance Committee of the Legislative Council.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)181

(Question Serial No. 4506)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

As regards “continuing to provide housekeeping services and relevant support to the Belt and Road Office and to beef up the office’s establishment and resources”, please provide (a) the expenditure relating to the Belt and Road Office last year; (b) the estimated overall payroll and operational expenses in 2017-18; and (c) the establishment/ranks, payroll expenses and duties of the additional staff to be recruited.

Asked by: Hon WU Chi-wai (Member Question No. 121)

Reply:

The Belt and Road Office’s replies are as follow -

The government provision of the Belt and Road Office (BRO) for 2016-17 is \$25.429 million.

In 2017-18, BRO plans to create 16 permanent posts, including 2 Directorate grade posts, 2 Administrative Officer grade posts, 2 Trade Officer grade posts, 1 Information Officer grade post, 2 Executive Officer grade posts, and 7 posts belonging to the Secretarial, Clerical and Chauffeur grades, to replace the existing non-permanent establishment and increase manpower to ensure that the office can take forward the work under the Belt and Road Initiative more effectively and on a long-term basis. The estimated overall expenditure of BRO for 2017-18 is \$35.038 million which is mainly for salaries and other operating expenses. We will report to the relevant Panel of the Legislative Council the detailed organisation and establishment of BRO, and submit our proposal for the creation of the Directorate grade posts to the Establishment Subcommittee and the Finance Committee of the Legislative Council, in accordance with the procedure for creating Directorate grade posts.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)182

(Question Serial No. 4507)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

With regard to the negotiations for a Trade in Services Agreement (TISA) and an Environmental Goods Agreement (EGA) as well as the negotiations with ASEAN, Georgia and Maldives for Free Trade Agreements (FTAs), what are the establishment and ranks of officials presently responsible for the respective negotiations? What is the negotiation progress of respective agreements and when are the negotiations expected to be concluded? Will the Government pursue negotiations of FTAs with other countries in the coming year? If yes, what are the details?

Asked by: Hon WU Chi-wai (Member Question No. 122)

Reply:

The negotiations for the Trade in Services Agreement (TISA) aim at eliminating trade barriers and liberalising trade in services through improved market access and new and enhanced trade rules. Since the negotiations commenced in 2013, 20 rounds have been held. The 23 World Trade Organization (WTO) members participating in the negotiations have made progress with the core text and proposed trade rules for various sectors, and submitted market access offers. Since the next round has not yet been scheduled, it is difficult to say when the negotiations would be concluded at this stage.

The negotiations for the Environmental Goods Agreement aim at eliminating tariffs on environmental goods. Since the negotiations commenced in 2014, 18 rounds have been held, with 18 WTO members participating in the negotiations. As participants were not able to reach a consensus on the product list for tariff elimination, no agreement was reached as originally planned at a Ministerial Meeting held in December 2016. As the next round has not yet been scheduled, it is difficult to say when the negotiations would be concluded at this stage.

Our free trade agreement (FTA) negotiation with the Association of Southeast Asian Nations (ASEAN) is at its final stage. We will continue to take forward the negotiation with a view to concluding it within this year. Our FTA negotiations with Georgia and Maldives have also been advancing smoothly since their commencement in September 2016. We will continue to take forward the negotiations with a view to concluding them as soon as possible.

To safeguard the interests of Hong Kong traders and investors, the Government has been exploring with our trading partners the possibility of forging FTAs. Given the sensitivity, we cannot disclose pending FTA negotiations in the coming year until the time is ripe for public announcement.

The operational expenditure and human resources of the above work have been subsumed respectively under the overall estimated expenditure and establishment of the Commerce and Economic Development Bureau and the Trade and Industry Department. It is difficult to quantify separately.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)183

(Question Serial No. 4508)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (3) Subvention: Hong Kong Trade Development Council

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

As regards developing Hong Kong into the premier Belt and Road intelligence hub and project matching platform, what are the details of the relevant work? Apart from the Trade Development Council, will the Government offer any support? What are the manpower and estimated expenditure for the work? What is the intended operation mode of the “matching platform”?

Asked by: Hon WU Chi-wai (Member Question No. 123)

Reply:

In 2017-18, the Hong Kong Trade Development Council (TDC) will focus on further developing business opportunities for Hong Kong under the Belt and Road Initiative. Key initiatives include:

- Enrich the Belt and Road portal with case references on services provided by Hong Kong companies in Belt and Road countries, as well as with the addition of key industry players in risk management, environmental and related technology in the database of Hong Kong service providers;
- Build the Belt and Road Summit as the premier event for Belt and Road in the region and globally;
- Include Belt and Road-themed elements into its anchor services industry events, such as Asian Financial Forum, Asian Logistics and Maritime Conference, Hong Kong International Film and TV Market and Hong Kong International Licensing Show;
- Establish strategic partnerships with key financial, research, investment and infrastructure-related organisations in Hong Kong, Mainland, priority Belt and Road markets and related economies; and
- Organise investment and infrastructure-related missions to priority Belt and Road markets, and build business connections through TDC's worldwide network.

In addition, Invest Hong Kong (InvestHK) and the overseas Hong Kong Economic and Trade Offices (ETOs) will continue to actively promote to other economies along the Belt and Road the advantages of doing business in Hong Kong.

InvestHK will organise investment promotion seminars in major Mainland cities, such as Chengdu, Xiamen, Shenyang and Changsha, with an estimated total expenditure of \$0.5 million. InvestHK will also conduct visits to target economies along the Belt and Road (including Southeast Asia, India, the Middle East and Russia) and continue to promote the business environment of Hong Kong through its overseas consultants covering markets along the Belt and Road. The operating expenses of the above work have been subsumed under the overall estimated expenditure of InvestHK. We do not have a breakdown of expenditure for individual activities.

The ETOs in Brussels, London and Berlin have earmarked \$8.776 million under Head 96 Government Secretariat: Overseas Economic and Trade Offices in 2017-18 to engage consultancy services in order to strengthen promotion work in Turkey, Latvia, Lithuania, Russia, Hungary and Poland. ETOs will also step up liaison with the governments and chambers of commerce in economies along the Belt and Road, as well as organise business seminars and publicity events in such economies to promote Hong Kong's advantages in business and trade. The operating expenses of the above work have been subsumed under the overall estimated expenditure of ETOs. We do not have a breakdown of expenditure for individual activities.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)184

(Question Serial No. 1833)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Please inform this Committee of the details about the Government's efforts in promoting the business advantages of Hong Kong in economies along the Belt and Road in this financial year, which include:

1. the total expenditure for activities promoting our business advantages along the Belt and Road;
2. economies along the Belt and Road to be involved in the promotional efforts;
3. the specific promotional activities involved and their number; and
4. the anticipated number of participants of these activities.

Asked by: Hon YEUNG Alvin (Member Question No. 19)

Reply:

In 2017-18, Invest Hong Kong (InvestHK), the Hong Kong Trade Development Council (TDC) and the overseas Hong Kong Economic and Trade Offices (ETOs) will continue to actively promote to other economies along the Belt and Road the advantages of doing business in Hong Kong.

InvestHK will organise investment promotion seminars in major Mainland cities, such as Chengdu, Xiamen, Shenyang and Changsha, with an estimated total expenditure of \$0.5 million. InvestHK will also conduct visits to target economies along the Belt and Road (including Southeast Asia, India, the Middle East and Russia) and continue to promote the business environment of Hong Kong through its overseas consultants covering markets along the Belt and Road. The operating expenses of the above work have been subsumed under the overall estimated expenditure of InvestHK. We do not have a breakdown of expenditure for individual activities.

TDC will organise a variety of trade promotion activities, including *In Style • Hong Kong* in Kuala Lumpur, Malaysia; business-to-consumer lifestyle promotions in Bangkok, Thailand; *Lifestyle Expo* in Dubai, the United Arab Emirates; and investment and infrastructure-related missions to priority Belt and Road markets. TDC will also collaborate with popular local e-tailing partners in Association of Southeast Asian Nations economies to feature Hong Kong products and set up a Hong Kong Pavilion at the 15th China Products (Mumbai, India) Exhibition to promote lifestyle products. These are part of the work covered under Programme (3) to be carried out by TDC's existing staff. We do not have a breakdown of expenditure for individual activities.

The ETOs in Brussels, London and Berlin have earmarked \$8.776 million under Head 96 Government Secretariat: Overseas Economic and Trade Offices in 2017-18 to engage consultancy services in order to strengthen promotion work in Turkey, Latvia, Lithuania, Russia, Hungary and Poland. ETOs will also step up liaison with the governments and chambers of commerce in economies along the Belt and Road, as well as organise business seminars and publicity events in such economies to promote Hong Kong's advantages in business and trade. The operating expenses of the above work have been subsumed under the overall estimated expenditure of ETOs. We do not have a breakdown of expenditure for individual activities.

The Central People's Government (CPG) is going to organise a Belt and Road Forum for International Cooperation in Beijing in May this year. It is the most important and highest-level Belt and Road related international event ever organised by CPG since the promulgation of the Belt and Road Initiative. We are organising a high-level cross-sector Hong Kong delegation to attend the forum. Where possible, we would make use of the opportunity to promote Hong Kong's edge and advantages as a "super-connector" under the Belt and Road Initiative. The operating expenses of the above work have been subsumed under the overall estimated expenditure of the Belt and Road Office and the relevant Bureaux.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)185

(Question Serial No. 1848)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (3) Subvention: Hong Kong Trade Development Council

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Government intends to develop Hong Kong into a Belt and Road intelligence hub and project matching platform in this financial year. Would the Government please inform this Committee of:

1. the measures to be taken and activities to be organised by the Hong Kong Trade Development Council to achieve the above objective;
2. the number of activities to be organised; and
3. the specific expenditure of these measures and activities.

Asked by: Hon YEUNG Alvin (Member Question No. 22)

Reply:

In 2017-18, the Hong Kong Trade Development Council (TDC) will focus on further developing business opportunities for Hong Kong under the Belt and Road Initiative. Key initiatives include:

- Enrich the Belt and Road portal with case references on services provided by Hong Kong companies in Belt and Road countries, as well as with the addition of key industry players in risk management, environmental and related technology in the database of Hong Kong service providers;
- Build the Belt and Road Summit as the premier event for Belt and Road in the region and globally;

- Include Belt and Road-themed elements into its anchor services industry events, such as the Asian Financial Forum, Asian Logistics and Maritime Conference, Hong Kong International Film and TV Market and Hong Kong International Licensing Show;
- Establish strategic partnerships with key financial, research, investment and infrastructure-related organisations in Hong Kong, the Mainland, priority Belt and Road markets and related economies; and
- Organise investment and infrastructure-related missions to priority Belt and Road markets, and build business connections through TDC's worldwide network.

The above are part of the work covered under Programme (3) to be carried out by TDC's existing staff. We do not have breakdown of staff establishment and expenditure for individual items.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)186

(Question Serial No. 2124)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Regarding the operation of the Mega Events Fund (MEF) in the past financial year, will the Government please advise this Council of:

- (a) the total amount of funds granted by the MEF;
- (b) the details of the following under the two-tier system:
 - 1. every event supported under each tier;
 - 2. the amount of funds granted to each event;
 - 3. the applicant of each event;
 - 4. the date of each event; and
 - 5. the numbers of foreign and local visitors attracted to each event.

Asked by: Hon YEUNG Alvin (Member Question No. 24)

Reply:

- 1. The Mega Events Fund (MEF) supported 3 mega events in 2016-17.
- 2. In 2016-17, the MEF has not supported any event held in Hong Kong under its Tier-one scheme; while the details of the events supported under Tier-two scheme are as follows:

Project title	Organiser	Date of event	Funding ceiling Note 1 (\$ million)	Number of participating visitors Note 2	Number of participating local residents Note 2
2016 Hong Kong Dragon Boat Carnival	Hong Kong China Dragon Boat Association Hong Kong Tourism Board	10-12 June 2016	6	40 910	123 880
Prudential Hong Kong Tennis Open 2016	Hong Kong Tennis Open Event Management Limited	8-16 October 2016	9	1 600	34 130
UBS Hong Kong Open	Hong Kong Golf Association Hong Kong Golf Club	8-11 December 2016	15	9 784	28 593

Note 1 : The basic funding principle of the MEF is that the total Government contribution (including the MEF funding) must not exceed 50% of the total cost of the event.

Note 2 : Expected numbers. The actual numbers cannot be confirmed until the MEF Assessment Committee has completed assessment of the evaluation reports as submitted by the event organisers.

We adjust our tourism development strategy from time to time to cater for the changing preference of our visitors and meet the challenges of the regional competition posed by other tourist destinations. The MEF has operated for 8 years and will expire by the end of March 2017. Upon review, the Government considers that the MEF has achieved its objectives of assisting Hong Kong to become an events capital of Asia and identifying events with good branding impact. The MEF has supported a total of 30 events, including new international mega events with good branding impact and existing events with their scale enhanced through the support of MEF. Some of the MEF-supported events have become self-sustainable and continue staging without seeking for our funding support subsequently. However, amongst the 30 MEF-supported events, 22 are repeated events (involving 6 events). We note that high-yield overnight visitors pursue tourism product diversification. Apart from mega events, they are also interested in participating in tourism activities showcasing the cultural characteristics of the travel destination. Hence, it is essential for the Government to adjust our strategy to maintain Hong Kong's attractiveness and competitiveness.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)187

(Question Serial No. 2139)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (7) Subvention : Hong Kong Tourism Board

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The expenditure of the Hong Kong Tourism Board (HKTb) has increased by a total of 24% from 2015-16 to 2017-18. In this connection, will the Government please advise this Council of:

1. the respective annual total expenses on the salaries of HKTb staff in the above years; whether there have been any adjustments and, if yes, the rates of the adjustments and the considerations;
2. the annual basic salaries of the Executive Director of the HKTb in the above years; whether there have been any adjustments and, if yes, the considerations; and
3. the annual amounts of performance-based payments awarded to the Executive Director of the HKTb in the above years; whether the Executive Director's performance is related to the performance of the HKTb, and the details of the performance of the HKTb.

Asked by: Hon YEUNG Alvin (Member Question No. 29)

Reply:

- (1) The fund allocated to the Hong Kong Tourism Board (HKTb) in 2017-18 is 24% higher than that in 2015-16, mainly because of the additional fund of \$238 million granted to the HKTb in 2017-18 as stated in the Policy Address and the Budget for stepping up promotion in local and source markets to facilitate the development of tourism industry.

The HKTb has a set of policies and mechanism in determining staff remuneration and benefits, which have been approved by its Board. The range of salary adjustment for

staff members of different levels (including the Executive Director) will be set according to the performance assessment results of individual staff member, pay level and trend in the market. Performance assessment criteria include specific goals related to the staff members' job scope, and their own competencies. The performance assessment for senior executives (a total of 13 executives, including Executive Director, Deputy Executive Director, General Managers and Regional Directors), in addition to the above-mentioned factors, will also consider the fulfillment of a series of key performance indicators as determined by the Board. These key performance indicators include:

- Visitor arrivals
- Average length of stay of overnight visitors
- Per capita spending by overnight visitors
- Visitors' overall satisfaction
- Visitors' revisit intention
- Visitors' intention to recommend Hong Kong to friends and relatives

In addition, top performer with a lower compa-ratio will be entitled to a higher adjustment rate, and vice versa. This rule applies to all staff, including senior executives.

In 2015-16 and 2016-17, the HKTb's total staff cost and annual salary adjustment are listed below:

Year(s)	Total staff cost* (\$)	Annual salary adjustment approved by the Board
2015-16	237.7 million	4.4%
2016-17 (revised estimates)	250.6 million	4.5%
2017-18	The work related to salary adjustment is still in progress, information is currently unavailable	

* Total staff cost includes basic salaries, discretionary performance pay, retirement benefit expenses, contract gratuities, other allowances and benefits. Staff cost might vary due to staff movement or promotion reasons.

- (2) Based on (1) performance assessment results of the Executive Director; (2) fulfillment of key performance indicators; and (3) pay range and trend in the market, the basic salaries provided to the Executive Director in years 2015-16 and 2016-17 are listed below:

Year(s)	Basic salaries (\$)
2015-16	4.157 million
2016-17	4.406 million
2017-18	The work related to salary adjustment is still in progress, information is currently unavailable

(3) On top of basic salaries, the HKTB's senior executives (a total of 13 executives, including Executive Director, Deputy Executive Director, General Managers and Regional Directors) are entitled to discretionary performance pay, the payment of which and the amount provided to individual senior executive depend on the following factors:

I. The fulfillment of the key performance indicators below as determined by the Board, such as:

- Visitor arrivals
- Average length of stay of overnight visitors
- Per capita spending by overnight visitors
- Visitors' overall satisfaction
- Visitors' revisit intention
- Visitors' intention to recommend Hong Kong to friends and relatives

II. Specific goals related to individual senior executive's job scope

III. Senior executive's competencies

The discretionary performance pay is required to be approved by the Remuneration Review Committee under the Board.

Under the above mechanism, the discretionary performance pay provided to the HKTB's Executive Director in 2015-16 was \$587,000. As the work related to salary adjustment is still in progress for the year 2016-17, details of the discretionary performance pay for the year are thus currently unavailable.

Tourism performance for the years 2015 and 2016 is listed below:

	2015	2016
Visitor arrivals	59.31 million	56.65 million
Average length of stay of overnight visitors	3.3 nights	3.3 nights
Per capita spending by overnight visitors	\$7,234	\$6,602
Visitors' overall satisfaction (Max: 10)	8.2	8.3
Visitors' revisit intention (%)	91%	90%
Visitors' intention to recommend Hong Kong to friends and relatives (%)	91%	90%

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)188

(Question Serial No. 3262)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Will the relevant authority inform this Committee whether it has set any Key Performance Indicators (KPIs) for “A Symphony of Lights”? If yes, how was its performance over the past 3 years? If no, will the Government consider setting KPIs to assess its effectiveness?

Asked by: Hon YEUNG Alvin (Member Question No. 34)

Reply:

The Tourism Commission (TC) has been evaluating the effectiveness of “A Symphony of Lights” through the Departing Visitor Survey of the Hong Kong Tourism Board (HKTb). It was projected that about 1.77 million and 1.45 million visitors were attracted to the show in 2014 and 2015 respectively (the information for 2016 is still being compiled). The visitors who had watched “A Symphony of Lights” were generally satisfied with the show.

In 2017-18, the TC, in collaboration with the HKTb, will update “A Symphony of Lights” show and work out the indicators to evaluate the effectiveness of the updated “A Symphony of Lights”.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)189

(Question Serial No. 3835)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (9) Subvention: Competition Commission

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

As regards to the operation of the Competition Commission (the Commission), please advise this Committee on the following:

1. as the estimated expenditure of the Commission in 2017/18 is 1.0% lower than the revised estimate for 2016/17, what specific expenditures are to be cut;
2. the number of complaints received on contraventions of competition rules each year since 2015;
3. the breakdown of complaints by anti-competitive commercial conducts defined under the First Conduct Rule, the Second Conduct Rule and the Merger Rule since 2015;
4. the number of cases the Commission had conducted in-depth investigations and the number of cases referred to the Competition Tribunal each year since 2015.

Asked by: Hon YEUNG Ngok-kiu, Alvin (Member Question No. 39)

Reply:

- (1) In view of the arrangements to achieve efficiency gain, the subvention for the Competition Commission ("Commission") in 2017-18 will be slightly adjusted downwards by around 1%. The arrangement does not target specific expenditure items of the Commission.
- (2 & 3) Since the Competition Ordinance came into full effect in December 2015, the Commission has received more than 2 000 complaints and enquires. Most of them relate to the First Conduct Rule (which prohibits anti-competitive agreements) with alleged cartel conduct being the major concern, while the others are on the Second Conduct Rule (which prohibits the abuse of market power) or general enquiries.

In order to protect the confidentiality of investigation work, the Commission would not normally reveal the nature and status of its investigations. Nevertheless, the Commission will provide through its annual reports an outline of the investigations carried out by it, a summary of complaints received, and an outline of all proceedings brought before the Competition Tribunal.

- (4) As at 28 February 2017, around 130 cases have been escalated for further assessment and 13% of these cases had proceeded to in-depth investigations. The Commission has earlier commenced proceedings in the Competition Tribunal against five information technology companies alleged of making or giving effect to bid-rigging arrangements.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)190****(Question Serial No. 3838)**

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (000) Operational expenses

Programme: (4) Posts, Competition Policy and Consumer Protection

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Please advise this Committee of the number of reports received after the amendment to the Trade Descriptions Ordinance in the past 3 financial years. Please also list the number of prosecutions, convictions, amounts of money involved and the provisions breached for each case of unfair trade practices.

Asked by: Hon YEUNG Alvin (Member Question No. 120)

Reply:

Figures on the enforcement of the Trade Descriptions Ordinance (TDO) by the Customs and Excise Department in the past three years are as follows:

Offence	Breakdown of relevant figures	2014	2015	2016
False trade descriptions	Number of complaint cases	3 434	3 947	4 476
	Number of prosecution cases	28	59	36
	Number of conviction (company/individual)	32	66	40
	Amount of money involved in the convicted cases	\$16.5 to \$1,333,591	\$12.9 to \$796,253	\$42 to \$288,000
Misleading omissions	Number of complaint cases	884	752	332
	Number of prosecution cases	5	12	6
	Number of conviction (company/individual)	4	10	8

Offence	Breakdown of relevant figures	2014	2015	2016
	Amount of money involved in the convicted cases	\$118 to \$36,240	\$109.8 to \$11,264	\$2,211 to \$66,000
Aggressive commercial practices	Number of complaint cases	151	254	191
	Number of prosecution cases	2	1	3
	Number of conviction (company/individual)	0	3	1
	Amount of money involved in the convicted cases	–	\$140,000	\$100,000
Bait advertising	Number of complaint cases	72	27	15
	Number of prosecution cases	0	0	1
	Number of conviction (company/individual)	–	–	0
	Amount of money involved in the convicted cases	–	–	–
Bait and switch	Number of complaint cases	24	25	11
	Number of prosecution cases	0	0	0
	Number of conviction (company/individual)	–	–	–
	Amount of money involved in the convicted cases	–	–	–
Wrongly accepting payment	Number of complaint cases	1 817	1 023	2 197
	Number of prosecution cases	0	1	1
	Number of conviction (company/individual)	–	1	0
	Amount of money involved in the convicted cases	–	\$8,900	–
Other offences under the TDO [^]	Number of complaint cases	65	60	38
	Number of prosecution cases	39	39	24
	Number of conviction (company/individual)	40	46	22

[^] Such as sections 4, 9 and 12 of the TDO.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)191****(Question Serial No. 3841)**

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (7) Subvention : Hong Kong Tourism Board

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Will the Government inform this Committee of the promotion costs incurred by the Hong Kong Tourism Board for its marketing work in 20 key source markets in the past 3 financial years, with a breakdown of the respective costs of advertisements and events by country?

Asked by: Hon YEUNG Alvin (Member Question No. 74)

Reply:

The chart below shows the Hong Kong Tourism Board's (HKTB) marketing budget for the 20 key source markets in the past three years:

Source markets	Marketing budget (\$M)		
	2014-15	2015-16	2016-17 Revised estimates*
The Mainland	39.0	49.4	106.2
Short-haul Markets	56.7	103.6	106.2
Japan	13.3	16.2	16.8
Taiwan	11.5	17.3	17.5
South Korea	11.2	20.7	20.5
Singapore	4.7	8.3	8.6
The Philippines	3.6	14.7	13.6
Malaysia	3.9	10.5	9.1
Indonesia	4.6	5.7	8.6
Thailand	4.0	10.3	11.5

Source markets	Marketing budget (\$M)		
	2014-15	2015-16	2016-17 Revised estimates*
Long-haul Markets	43.3	41.0	44.0
The US	14.6	14.4	15.1
Australia	11.0	8.4	9.1
The UK	7.0	7.3	9.0
Canada	3.2	3.3	3.2
Germany	4.4	4.5	4.8
France	3.1	3.1	2.9
New Markets	18.7	18.6	23.0
India	10.2	13.4	18.1
Russia	4.5	3.1	3.2
The Gulf Co-operation Council Markets	3.1	1.6	1.3
Vietnam	0.7	0.3	0.3
The Netherlands	0.2	0.1	0.2
Total Marketing Budget for Source Markets	157.7	212.6	279.4

*The revised estimates include the increased allocation to markets from the additional funding of approximately \$222 million from the Government's Budget 2016-17.

The HKTb strives to promote Hong Kong to consumers worldwide through various marketing initiatives, including advertising, media partnership, digital and social media promotion, and participation in consumer shows. While some of the HKTb's marketing events and projects were organised in collaboration with travel and related trade partners, or even other destinations, media partnerships were sometimes charged as a package with a variety of services provided, such as event management, TV exposure, print coverage, advertising, and digital and social media promotion. Certain marketing initiatives also covered multiple source markets. In the light of the above, it is difficult to quantify the expenditures involved in advertisements and events separately.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)192

(Question Serial No. 3842)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (7) Subvention : Hong Kong Tourism Board

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Please provide information on the expenditures incurred by the Hong Kong Tourism Board for conducting visits to and participating in activities held in places outside Hong Kong in the past 3 financial years by listing the dates, number of participants, total expenditures, average expenditure per person as well as expenses on hotel accommodation, air tickets and other transportation for each of these visits and activities respectively.

Asked by: Hon YEUNG Alvin (Member Question No. 76)

Reply:

Hong Kong Tourism Board (HKTB) is an organisation tasked to promote Hong Kong as a preferred destination. Due to business needs, the HKTB's staff are required to travel to the Mainland or overseas markets for attending meetings and events, and organising various functions and activities to promote Hong Kong.

Details of the HKTB's business trips in the past three years are listed below:

**Details of the HKTB's Business Trips from 2014-15 to 2016-17
(1 April 2014 to 28 February 2017)**

Year (number of trips)	Number of participants (person-trips)	Hotel accommodation cost (A)	Flight ticket expenses (B)	Other transportation expenses (C)	Other expenses* (D)	Total (A+B+C+D)	Per capita expenses
2014-15 (109)	220	Approx. \$680,000	Approx. \$1.73 million	Approx. \$160,000	Approx. \$610,000	Approx. \$3.18 million	Approx. \$14,000
2015-16 (101)	190	Approx. \$600,000	Approx. \$1.77 million	Approx. \$110,000	Approx. \$570,000	Approx. \$3.05 million	Approx. \$16,000
2016-17 (As of 28 February 2017) (90)	162	Approx. \$580,000	Approx. \$1.15 million	Approx. \$100,000	Approx. \$550,000	Approx. \$2.38 million	Approx. \$15,000

*Other expenses include accommodation, meal allowances and sundry expenses (if applicable).

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)193

(Question Serial No. 3843)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (7) Subvention : Hong Kong Tourism Board

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Please provide information on the provision allocated for “Matching Fund for Overseas Tourism Promotion by Tourist Attractions” in the past 2 financial years and list the promotion activities, key source markets, amount of subsidies and number of local media reports generated for each of the attractions that has received subsidy under the Fund.

Asked by: Hon YEUNG Alvin (Member Question No. 115)

Reply:

In September 2015, the Government allocated an additional funding of \$10 million for setting up the Matching Fund for Overseas Tourism Promotion by Tourist Attractions (MFTA), providing local attractions with dollar-for-dollar subsidies to enhance their overseas promotions. The Hong Kong Tourism Board (HKTB) has been tasked to handle the applications and the funding allocation.

In the 2016-17 Budget, the Government allocated an additional funding of \$10 million to continue with the MFTA. Up till now, three phases of MFTA have been implemented. Number of successful applicants and related funding amount are listed below:

	Phase 1 (November 2015 – end of March 2016)	Phase 2 (end of June – end of December 2016)	Phase 3 (January – March 2017)
Number of successful applicants	10 (including Hong Kong 3D Museum, Hong Kong Disneyland Resort, Madam Tussauds Hong Kong, Ngong Ping 360, Noah's Ark, Ocean Park Hong Kong, Peak Tramways, PMQ, Repulse Bay Visual Art Museum and sky100 Observation Deck)	8 (including Hong Kong Disneyland Resort, Hong Kong Tramways, Madam Tussauds Hong Kong, Ngong Ping 360, Ocean Park Hong Kong, Peak Tramways, PMQ and sky100 Observation Deck)	6 (including Hong Kong Disneyland Resort, Madam Tussauds Hong Kong, Ngong Ping 360, Ocean Park Hong Kong, Peak Tramways and sky100 Observation Deck)
Markets covered	12 (including the Mainland, Taiwan, South Korea, Japan, Southeast Asia, India, the US and Australia)	10 (including the Mainland, Taiwan, South Korea, Japan, Southeast Asia and India)	11 (including the Mainland, Taiwan, South Korea, Japan, Southeast Asia, India and Australia)
Number of approved promotions	62 (including promotions on print, digital and social media, production of outdoor advertisement billboards, optimisation on search engines and provision of discounts on tour products and admission tickets that run in partnership with travel agencies, online travel agencies and airlines)	95 (including promotions on print, digital and social media, production of outdoor advertisement billboards, optimisation on search engines and provision of discounts on tour products and admission tickets that run in partnership with travel agencies, online travel agencies and airlines)	66 (including promotions on print, digital and social media, production of outdoor advertisement billboards, optimisation on search engines and provision of discounts on tour products and admission tickets that run in partnership with travel agencies, online travel agencies and airlines)
Amount granted	Around \$8 million	Around \$7 million	Around \$3.3 million

All applications for the MFTA were assessed by an assessment committee with members who are experienced in the tourism and related sectors. The assessment criteria include the effectiveness of the promotion proposals in enhancing the exposure for the tourist attractions and showcasing Hong Kong's diverse offerings as a tourist destination; the soundness of the proposals in reaching out to consumers in the source markets and raising their interest in coming to Hong Kong; and the specific publicity contents of the programmes, etc. These criteria aim to ensure the effectiveness of the approved promotions. Besides, as the MFTA is operated as dollar-for-dollar subsidies, the attractions are required to invest the same resources for promotion. Each attraction is obliged to submit documents in relation to the promotion activities such as receipts, promotion materials or overseas media coverage, etc. for HKTb's evaluation in order to ensure the funding is well spent.

MFTA aims to provide funding support to local tourist attractions to enhance their overseas promotions according to their business requirements and promotion strategies. The promotion projects might not involve media events or generate media coverage. The HKTb is therefore unable to provide the number of media clips for the related projects.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)194****(Question Serial No. 3845)**

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (000) Operational expenses

Programme: (5) Subvention: Consumer Council

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Please list the number of applications for the "Consumer Legal Action Fund" and successful applications in the past 3 financial years, as well as the number of people involved in each application.

Asked by: Hon YEUNG Alvin (Member Question No. 130)

Reply:

Information on the Consumer Legal Action Fund in the past 3 financial years is as follows:

	2013-14	2014-15	2015-16
No. of applications (No. of applicants involved)	23 (24)	21 (22)	9 (9)
Assistance granted (No. of applicants involved)	3 (6)	10 (10)	2 (3)

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)195

(Question Serial No. 0714)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Regarding the progress of the Single Window (SW) initiative, the Commerce and Economic Development Bureau will continue to take forward the SW initiative together with relevant government departments and engage stakeholders to develop implementation proposals in 2017-18. Please advise the latest progress of the relevant work. What are the targets of the initiative and the estimated expenditure involved for the year? Given the Mainland's plan to extend its SW across the country in 2018 and Singapore's active involvement in the development of SW in ASEAN, will the Government advance the timetable of implementing SW initiative in phases in Hong Kong so as to tie in with the development in neighbouring region? If yes, what are the details? If not, what are the reasons?

Asked by: Hon YICK Chi-ming, Frankie (Member Question No. 6)

Reply:

Following the public consultation exercise on the Trade Single Window (SW) concluded in July 2016, the SW Project Management Office (PMO) has considered feedback from the industry and planned to report the project progress and way forward to the Legislative Council (LegCo) Panel on Commerce and Industry in April 2017. In 2017-18, the PMO will continue to maintain close liaison with the industry and exchange views with them to develop detailed implementation proposals, in particular in the preparation for the rolling out of Phase 1 in 2018. The estimated operational expenses of the PMO in 2017-18 are \$17.68 million, including personal emoluments of 16 time-limited posts.

We note the Mainland's and ASEAN's plans to develop SWs and we will continue to follow closely such developments in the neighbouring region. To follow the international trend and expedite the implementation of SW, we will roll out the project by phases. According to current estimates, Phase 1 will be rolled out in 2018 while Phases 2 and 3 will be rolled out in 2022 and 2023 at the soonest. Given the mammoth scale and complexity

of the project, we need to co-ordinate the work of more than ten government departments and we can only commence detailed system design and development after the passage of the relevant legislative and funding proposals by LegCo (tentatively in 2019-20 the earliest) and completing the tendering procedures. We are working under a very tight schedule. Nevertheless, we will endeavor to garner support from the industry and LegCo so as to implementing the SW as soon as practicable.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)196

(Question Serial No. 0717)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (4) Posts, Competition Policy and Consumer Protection

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

In 2017-18, the Commerce and Economic Development Bureau will continue to monitor the implementation of the Competition Ordinance in tackling anti-competitive conduct in all sectors. In this connection, what are the details of the work and the estimated expenditure involved? In the light of the allegation that oil companies have been engaged in anti-competitive behaviour in setting the prices of auto-fuels, is the Government in the knowledge of when the Competition Commission will finish the study conducted on this issue and when the relevant findings will be made public?

Asked by: Hon YICK Chi-ming, Frankie (Member Question No. 7)

Reply:

To monitor the full implementation of the Competition Ordinance (“Ordinance”), the Commerce and Economic Development Bureau works closely with the Competition Commission (“Commission”), an independent statutory body with functions including investigation and enforcement, promoting public understanding of the Ordinance, conducting market studies and providing advice. We have regular meetings and are in close contact with the Commission to review and exchange views on the implementation of the Ordinance. The resources involved in the above work are subsumed under the overall expenditure of the Commerce, Industry and Tourism Branch and cannot be quantified separately.

In view of public concern regarding auto-fuel prices in Hong Kong, the Commission is conducting a market study in this regard. The study aims to better understand the auto-fuel market, including the competition conditions and prices. The Commission is finalising the study and the results are expected to be released as soon as practicable.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)197****(Question Serial No. 0720)**

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (3) Subvention: Hong Kong Trade Development Council

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

During 2017-18, the Hong Kong Trade Development Council (TDC) will help Hong Kong exporters unlock opportunities presented by changing retail and consumption patterns around the world, and help Hong Kong small and medium enterprises tap business opportunities in mature markets and emerging markets along the Belt and Road. In this connection, what are the work plan and budget involved? As far as the logistics industry is concerned, what measures will be taken by the TDC to help the industry tap business opportunities in mature markets and emerging markets along the Belt and Road?

Asked by: Hon YICK Chi-ming, Frankie (Member Question No. 8)

Reply:

The Hong Kong Trade Development Council (TDC) commences a new three-year planning cycle in 2017-18. One of the focuses is to help Hong Kong SMEs tap business opportunities in the markets along the Belt and Road. Key initiatives include:

- Organise *In Style • Hong Kong* in Kuala Lumpur, Malaysia;
- Organise business-to-consumer lifestyle promotions in Bangkok, in cooperation with local retail outlets carrying Hong Kong brands and local Hong Kong-style restaurants, to sustain the momentum from the *In Style • Hong Kong* promotions last year;
- Collaborate with popular local e-tailing partners in ASEAN to feature Hong Kong products;
- Organise a business mission to Manila, the Philippines;
- Set up a Hong Kong Pavilion at the 15th China Products (Mumbai, India) Exhibition to promote lifestyle products;

- Organise *Lifestyle Expo* in Dubai, the United Arab Emirates;
- Organise a business mission to Central and Eastern Europe to study manufacturing relocation and investment opportunities; and
- Strengthen business matching services for buyers from Kazakhstan, Poland and Turkey visiting TDC's trade fairs.

TDC will also continue to promote the Hong Kong logistics industry. Key initiatives include:

- Continue to work closely with the Transport and Housing Bureau, Hong Kong Logistics Development Council and Hong Kong Maritime and Port Board (HKMPB) to identify potential markets for Hong Kong, as well as to organise outbound missions to explore more opportunities for Hong Kong service providers in Mainland and overseas markets;
- Continue to organise the annual anchor event *Asian Logistics and Maritime Conference* to showcase Hong Kong's comprehensive capabilities in providing logistics and maritime services, creating synergies with the concurrent Hong Kong Maritime Industry Week organised by HKMPB; and
- Invite the logistics industry to participate in various flagship events in Mainland and overseas, including *Think Asia*, *Think Hong Kong* in London, United Kingdom, *In Style Hong Kong* in Kuala Lumpur, Malaysia, as well as *SmartHK* in Fuzhou, to promote Hong Kong's connectivity and strength as the region's transportation centre.

The above are part of the work covered under Programme (3) to be carried out by TDC's existing staff. We do not have breakdown of staff establishment and expenditure for individual items.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)198

(Question Serial No. 0721)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (3) Subvention: Hong Kong Trade Development Council

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

During 2017-18, the Hong Kong Trade Development Council will develop Hong Kong into the premier Belt and Road intelligence hub and project matching platform, reinforce Hong Kong as the gateway to Asia for global businesses, and tap business opportunities arising from the 13th Five-Year Plan. In this regard, what are the details of the relevant work and the estimated expenditure involved?

Asked by: Hon YICK Chi-ming, Frankie (Member Question No. 9)

Reply:

The Hong Kong Trade Development Council (TDC) commences a new three-year planning cycle in 2017-18. One of the focuses is to fortify Hong Kong's central role as a two-way investment and business hub for Asia. TDC's aim in 2017-18 is to develop Hong Kong into the premier Belt and Road intelligence hub and investment integrator while championing Hong Kong as the gateway to Asia for global businesses. The Mainland will be a particular priority for our service providers with the many opportunities arising from the 13th Five-Year Plan. Key initiatives include:

Develop Hong Kong into the premier Belt and Road intelligence hub and project matching platform

- Enrich the Belt and Road portal with case references on services provided by Hong Kong companies in Belt and Road countries, as well as with the addition of key industry players in risk management, environmental and related technology in the database of Hong Kong service providers;
- Build the Belt and Road Summit as the premier event for Belt and Road in the region and globally;

- Include Belt and Road-themed elements into its anchor services industry events, such as the Asian Financial Forum, Asian Logistics and Maritime Conference, Hong Kong International Film and TV Market and Hong Kong International Licensing Show;
- Establish strategic partnerships with key financial, research, investment and infrastructure-related organisations in Hong Kong, the Mainland, priority Belt and Road markets and related economies; and
- Organise investment and infrastructure-related missions to priority Belt and Road markets, and build business connections through TDC's worldwide network.

Reinforce Hong Kong as the gateway to Asia for global businesses

- Organise anchor conferences to promote Hong Kong's financial, logistics and maritime, intellectual property and licensing services;
- Organise anchor events in Hong Kong, including *Smartbiz Expo* and *DesignInspire* to promote the city's creative, innovation and technology industries; and
- Organise anchor campaign overseas, such as *Think Asia, Think Hong Kong* in London, United Kingdom and *In Style • Hong Kong* in Kuala Lumpur, Malaysia, to promote the Hong Kong city brand.

Tap business opportunities arising from the 13th Five-Year Plan

- Transform *SmartHK* into a conference-led event focusing on innovation and upgrading related services;
- Organise *Creativity in Business* promotions in Mainland cities;
- Organise *Building for the Future* campaign in Fujian Province to explore opportunities in urbanisation and balanced development;
- Expand joint Mainland outbound investment programme from mature economies to cover Belt and Road economies as well as new areas such as infrastructure and manufacturing relocation; and
- Conduct research on Hong Kong's role in the Guangdong-Hong Kong-Macao Big Bay Area.

The above are part of the work covered under Programme (3) to be carried out by TDC's existing staff. We do not have breakdown of staff establishment and expenditure for individual items.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)199****(Question Serial No. 2597)**

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

In terms of its relevant work in commerce and industry, the Commerce and Economic Development Bureau will be responsible for implementing the tasks of “establishing a dedicated Project Management Office and conducting a consultation exercise to take forward the single window initiative” as stated in the Budget Speech. Would the Government inform this Committee of the operational expenses and the estimated expenditure on emoluments for the Project Management Office in the 2017-18 Estimates, as well as the staff establishment and the ranks of officials responsible, the specific measures, and the progress or timetable for the relevant work in 2017-18 respectively?

Asked by: Hon YIU Chung-yim (Member Question No. 40)

Reply:

The estimated operational expenses of the Single Window Project Management Office (PMO) in 2017-18 are \$17.68 million, including expenditure of \$16.44 million on personal emoluments. The establishment of the civil service staff concerned is as follows -

Rank	Number
Administrative Officer Staff Grade C	1
Senior Administrative Officer	1
Chief Executive Officer	1
Senior Executive Officer	1
Senior Superintendent of Customs and Excise	1
Assistant Superintendent of Customs and Excise	1
Senior Inspector of Customs and Excise	1
Inspector of Customs and Excise	1
Senior Systems Manager	2
Systems Manager	3

Rank	Number
Personal Secretary I	1
Assistant Clerical Officer	2

In 2017-18, the PMO will continue to maintain close liaison with the industry and exchange views with them to develop detailed implementation proposals, in particular in the preparation for the rolling out of Phase 1 in 2018.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)200

(Question Serial No. 3122)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (9) Subvention: Competition Commission

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

As mentioned in the brief description of the Competition Commission, its functions are to “promote the adoption by undertakings carrying on business in Hong Kong of appropriate internal controls and risk management systems, to ensure their compliance with the Competition Ordinance”, and to “promote research into and the development of skills in relation to the legal, economic and policy aspects of competition law in Hong Kong”. In this connection, will the Government advise on the number of exchange activities organised with professional bodies to promote their understanding of competition matters, and to exchange views on the legal and policy aspects of competition law to enhance the implementation of competition policy in Hong Kong over the past three years?

Regarding the work involved in liaising with professional bodies, please advise on the operating expenses and estimated expenditure on emoluments over the past three years and in the 2017-18 Estimates; the staffing establishment and ranks of officials responsible for the work; and the respective progress or timetable for 2017-18.

Asked by: Hon YIU Chung-yim, Edward (Member Question No. 44)

Reply:

The Competition Commission (“Commission”) has been actively reaching out to the public and businesses to enhance their understanding of the Competition Ordinance (“Ordinance”). Between mid-2014 and the end of 2016, the Commission conducted over 110 engagement briefings/meetings with different trade/industry associations, chambers and professional bodies to enhance awareness and encourage compliance. In addition, to prepare trade and professional associations in Hong Kong and their members for the full implementation of the Ordinance, the Commission launched a project on these associations in mid-2015. The Commission commenced the project with the publication and distribution of “The

Competition Ordinance and Trade Associations” brochure, followed by a series of seminars, meetings and direct communications with different trade associations and professional bodies.

As a result of the Commission’s engagement efforts, most of the high-risk trade associations identified by the Commission removed their potentially anti-competitive price restrictions and/or fee scales before the end of 2016. These associations are key to changing behaviour of their members and their compliance with the Ordinance has cast a widespread positive impact in the community.

In 2017-18, the Commission will continue to engage its stakeholders through meetings and seminars as well as liaisons with trade and professional associations.

Engagement with professional bodies is part of the advocacy and public education work of the Commission. The manpower and expenditure involved cannot be quantified separately.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)201****(Question Serial No. 3125)**

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (7) Subvention : Hong Kong Tourism Board

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The objective of the Hong Kong Tourism Board (HKTb) is to endeavour to increase the contribution of tourism to Hong Kong. Will the Government please advise this Council of the HKTb's specific plan, if any, to diversify the portfolio of visitors to Hong Kong; the outcomes of work in that regard; and the respective marketing budgets and projects for the coming year for the Mainland market, the short-haul markets of East Asia and Southeast Asia, the long-haul markets such as Europe, the United States, the United Kingdom and Canada, and the new markets such as India and Russia (please provide information on at least the 20 key visitors source markets)?

Source market(s)	Number of visitors to Hong Kong from the source market(s) in the past 3 years	Marketing budget for the source market(s) in the past 3 years	Proposed marketing budget for the coming year	Planned key project(s) for the coming year
Mainland market (by geographical division)				
Short-haul markets (by country)				
Long-haul markets (by country)				
New markets (by country)				
Total marketing budget for the source markets				----
Total marketing budget for the Head Office	-----			-----

Asked by: Hon YIU Chung-yim (Member Question No. 46)

Reply:

The Hong Kong Tourism Board (HKTB) has always strived to maintain a balanced market portfolio. It will continue to focus its marketing resources on 20 key source markets, which together generate approximately 96% of all visitor arrivals to Hong Kong.

In 2017-18, the HKTB's total marketing budget is estimated to be \$398.11 million, of which \$155.09 million will be invested in visitor source markets to drive overnight arrivals. Of this, the HKTB will allocate 76% to the international markets, 50% of which will be invested in short-haul markets such as Taiwan, Japan, South Korea and Southeast Asia; 37% will go to long-haul markets including the US, Canada, the UK, France, Germany and Australia; while the remaining 13% will be invested in new markets. Resources invested in the Mainland market will account for 24% of the total budget invested in all source markets, of which around 80% will go to non-Guangdong areas.

The table below shows the visitor arrivals from, and the marketing budget for, the 20 key source markets in the past three years, as well as the proposed marketing budget in 2017-18:

Source markets	Visitor arrivals in the past 3 years ('000)			Marketing budget in the past 3 years (\$M)			2017-18 Proposed marketing budget# (\$M)
	2014	2015	2016	2014-15	2015-16	2016-17 (Revised estimates)*	
The Mainland	47 250	45 840	42 780	39.0	49.4	106.2	37.5
South China	37 330	36 960	34 490	11.0	17.6	31.9	11.3
Central China	2 270	2 100	1 990	5.1	8.8	21.2	9.4
East China	4 240	3 910	3 680	12.5	8.6	23.2	5.5
North China	3 400	2 880	2 620	10.5	14.4	30.0	11.4

Source markets	Visitor arrivals in the past 3 years ('000)			Marketing budget in the past 3 years (\$M)			2017-18 Proposed marketing budget# (\$M)
	2014	2015	2016	2014-15	2015-16	2016-17 (Revised estimates)*	
Short-haul Markets	8 410	8 300	8 650	56.7	103.6	106.2	59.0
Japan	1 080	1 050	1 090	13.3	16.2	16.8	12.0
Taiwan	2 030	2 020	2 010	11.5	17.3	17.5	12.2
South Korea	1 250	1 240	1 390	11.2	20.7	20.5	14.8
Singapore	740	680	670	4.7	8.3	8.6	2.0
The Philippines	630	700	790	3.6	14.7	13.6	7.0
Malaysia	590	540	540	3.9	10.5	9.1	3.0
Indonesia	490	410	460	4.6	5.7	8.6	3.0
Thailand	490	530	590	4.0	10.3	11.5	5.1
Long-haul Markets	4 270	4 280	4 400	43.3	41.0	44.0	43.5
The US	1 130	1 180	1 210	14.6	14.4	15.1	15.1
Australia	600	570	580	11.0	8.4	9.1	9.0
The UK	520	530	550	7.0	7.3	9.0	7.9
Canada	350	360	370	3.2	3.3	3.2	4.0
Germany	220	210	230	4.4	4.5	4.8	4.8
France	220	210	210	3.1	3.1	2.9	2.8
New Markets	920	880	830	18.7	18.6	23.0	15.1
India	520	530	480	10.2	13.4	18.1	10.0
Russia	200	150	140	4.5	3.1	3.2	3.2
The GCC Markets	50	50	50	3.1	1.6	1.3	1.3
Vietnam	60	60	60	0.7	0.3	0.3	0.4
The Netherlands	90	90	100	0.2	0.1	0.2	0.3
Total Marketing Budget for Source Markets	----	----	----	157.7	212.6	279.4	155.1
Total Marketing Budget for Head Office	----	----	----	214.9	260.7	292.8	243.0

This column only shows the recurrent funding that has been granted to the HKTb by the Government, and the additional fund of \$70 million allocated for the events and promotions held to celebrate the 20th anniversary of the establishment of the HKSAR.

This does not include the additional fund that has been earmarked to the HKTb in the Policy Address and Budget, which amounts to \$238 million in 2017-18. The HKTb is currently planning the investment proportion of this additional fund to each source market.

- * The revised estimates include the increased allocation to markets from the additional funding of approximately \$222 million from the Government's Budget 2016-17.

In 2017-18, the HKTb's marketing strategies and key initiatives in each source market are as follows:

(A) The Mainland market

The HKTb will continue to focus on attracting overnight arrivals. Apart from investing in tier-one cities like Beijing and Shanghai, the HKTb will also step up its promotion in tier-two and tier-three cities, in order to attract more first-timers to Hong Kong. Initiatives include:

(i) Promote Hong Kong's hospitable image and quality service culture

- Invite popular Mainland reality shows to film in Hong Kong, showcasing Hong Kong's vibrant and unique travel experiences, and the city's hospitable culture;
- Broadcast brand-new promotion videos on online media in the Mainland to highlight the unique and diverse experiences offered by Hong Kong;
- Collaborate with major Mainland media organisations based in Hong Kong to promote the city's positive image by producing special news features commemorating the 20th anniversary of the establishment of the Hong Kong Special Administrative Region (HKSAR);
- Work with digital and social media platforms with a large number of subscribers, such as Alipay, Weibo, WeChat and Baidu, and online news portals such as 163.com, Sohu and Sina, to facilitate the release of travel information and the promotion of the diverse experiences offered by Hong Kong; and
- Arrange celebrities or key opinion leaders to visit and experience Hong Kong by partnering with Mafengwo, the Mainland's largest social platform which gathers information for Free Independent Travellers (FIT) travellers. Their travel experience in Hong Kong will be shared with consumers on Mafengwo's platform, which will help attract more FIT travellers to Hong Kong.

(ii) Attract visitors and stimulate spending

- Partner with Fliggy.com (previously known as Alitrip), an online platform that specialises in dealing travel products and has more than 250 million subscribers, to launch a page dedicated to Hong Kong for promoting offers and special tour products provided by travel trade partners;
- Work with major payment platforms, lifestyle portals and social media, such as Alipay, Dianping, Meituan, Sina Weibo and WeChat, to promote travel products and offers that are related to the 20th anniversary of the establishment of the HKSAR, so as to attract more Mainland visitors to Hong Kong; and

- Step up collaborations with major online travel agencies and airlines to draw overnight visitors by rolling out special tour products targeting families and the young segment.

(iii) Promote quality service culture

- Collaborate with trade partners in the Mainland to promote Quality and Honest Hong Kong Tours across the Mainland through major media organisations and travel websites. Consumer education will be conducted in various cities in Northeast, North and West China to encourage consumers to choose quality travel products; and
- Promote the Quality Tourism Services Scheme through partnership with major online platforms such as Dianping and Fliggy.com. The HKTb will also work with the Quality Tourism Services Association to roll out exclusive offers for visitors during the peak summer travel season.

(B) Short-haul markets

- Broadcast brand-new promotional videos on the markets' TV stations and digital media, and produce travelogues to highlight the unique and diverse experiences offered by Hong Kong; and
- Continue to work with local trade partners, airlines, hotels and tourist attractions to provide offers and special travel products for family visitors and the young segment in short-haul markets, including Southeast Asia, in order to draw more overnight visitors.

(C) Long-haul markets

- Focus on using public relations initiatives and digital marketing channels to maintain Hong Kong's presence; and
- In view of the popularity of multi-destination travel among long-haul visitors, the HKTb will work closely with tourism authorities in the Pearl River Delta region as well as tourism organisations in other destinations to promote multi-destination itineraries and products featuring Hong Kong in long-haul markets, including North America.

(D) New markets:

- Focus the investment in India and proactively promote Meetings, Incentives, Conventions and Exhibitions and cruise travel in the market; and
- Continue to join hands with Guangdong Province and Macau to promote multi-destination itineraries and products featuring Hong Kong in India.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)202

(Question Serial No. 3127)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (4) Posts, Competition Policy and Consumer Protection

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Government plans to relocate the General Post Office (GPO) from its current premises at the Central Harbourfront. Will the Government inform this Committee of the work schedule and estimated expenditure? Will the Government consider preserving the existing GPO in the light of its architectural features and the collective memories it creates? If no, what are the reasons?

Asked by: Hon YIU Chung-yim (Member Question No. 48)

Reply:

The General Post Office (GPO) building is situated in the part of Site 3 of the new Central Harbourfront (Site 3) to the south of Lung Wo Road. Site 3 is one of the eight key sites covered in the Urban Design Study for the New Central Harbourfront (UDS), which had gone through two stages of extensive public engagement exercises in 2007 and 2008 and was completed in March 2011 by the Planning Department. The UDS recommended Site 3 to be developed as a comprehensive commercial development mainly for office and retail uses with the provision of a continuous landscaped deck, public open space and other supporting facilities. According to the planned design scheme of Site 3, the GPO building would be demolished after suitable reprovisioning. The GPO building is not a declared monument / proposed monument / graded historic building / proposed graded historic building pending assessment by the Antiquities Advisory Board. There is no plan for the preservation of the GPO building on account of its architectural merits or collective memories.

Development Bureau is taking forward development of Site 3 in accordance with the recommendations of the UDS, and will release Site 3 to the market in due course after completing relevant procedures. The reprovisioning of the GPO Building is being taken forward in step with the development of Site 3. Hongkong Post has been working closely with the relevant Government bureaux and departments all along, and has been making its best endeavour to take forward those tasks falling within its purview in a timely manner in accordance with the established public works procedures. The estimated expenditure of the reprovisioning projects has yet to be determined.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)203

(Question Serial No. 3128)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (3) Subvention: Hong Kong Trade Development Council

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Hong Kong Trade Development Council (TDC) “promotes Hong Kong as a platform for doing business with the Mainland and throughout Asia and the world; and carries out corporate relations and business promotion activities around the world.” Will the Government advise this Committee of the effectiveness of TDC in discharging these duties; the specific plans and strategies targeting markets in Mainland China, Southeast Asia, other Asian regions, traditional markets in Europe and America, and emerging markets respectively in the coming year; and the industries selected for focused promotion?

Asked by: Hon YIU Chung-yim (Member Question No. 50)

Reply:

In 2016-17, to promote Hong Kong as a business platform connecting Mainland and Asia, the Hong Kong Trade Development Council (TDC) organised around 850 events to promote Hong Kong trade and services, with close to 77 000 companies participated. Major events include organising various large-scale trade fairs and services conference in Hong Kong; *SmartHK* in Chengdu, Mainland; *In Style • Hong Kong* in Bangkok, Thailand; as well as *Think Asia, Think Hong Kong* in Dusseldorf, Frankfurt, Hamburg and Munich in Germany.

TDC commences a new three-year planning cycle in 2017-18. One of the focuses is to fortify Hong Kong's central role as a two-way investment and business hub for Asia. Apart from organising various large-scale trade fairs and services conferences in Hong Kong, TDC will also organise flagship events in Mainland and overseas, including *SmartHK* in Fuzhou, Mainland, *In Style • Hong Kong* in Kuala Lumpur, Malaysia, and *Think Asia, Think Hong Kong* in London, the United Kingdom. TDC will also organise Hong Kong companies to explore new business opportunities in Belt and Road markets, organise exhibitions in potential markets to promote Hong Kong products and services.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)204

(Question Serial No. 5350)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

What were the expenditures spent and manpower deployed for promoting modes of copyright conducive to the sharing of intellectual property other than "All rights reserved" (such as open copyright licencing similar to Creative Commons licences) to promote the development of creative industries in the past 3 years, and the estimated expenditure in 2017-18.

Asked by: Hon YIU Chung-yim (Member Question No. 126)

Reply:

Copyright is an automatic right protected by the Copyright Ordinance (Chapter 528). It arises when a work is created. A copyright owner enjoys exclusive rights including copying the work, issuing copies of the work to the public and performing the work in the public. The Intellectual Property Department (IPD) encourages copyright owners to facilitate users in using their copyright works through different modes including Creative Commons licences so as to foster the development of derivative creative industries. Over the past 3 years, the content of IPD's official website, the interactive drama programmes and talks held in schools and non-profit-making organisations covered modes of copyright licensing under Creative Commons licences. In 2017-18, IPD will continue organising a wide range of activities to promote the overall awareness of and respect for IP rights using its existing provisions, and the estimated expenditure in this regard is about \$9 million, which is about the same as in the previous years. As the promotion activities cover a very broad range of content, it is difficult to quantify the specific expenditure and manpower for the work.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)205

(Question Serial No. 5361)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (1) Director of Bureau's Office, (3) Subvention: Hong Kong Trade Development Council, (5) Subvention: Consumer Council, (7) Subvention: Hong Kong Tourism Board, (9) Subvention: Competition Commission

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Regarding the records management work of your bureau and the departments under its purview over the past year:

1. Please provide information on the number and rank of officers designated to perform such work. If there is no officer designated for such work, please provide information on the number of officers and the hours of work involved in records management duties, and the other duties they have to undertake in addition to records management;
2. Please provide information on programme and administrative records which have been closed pending transfer to the Government Records Service (GRS) for appraisal, including category of records, years covered by the records, number and linear metres of records, retention period approved by GRS, whether they are confidential documents and reasons for not having been transferred.
3. Please provide in a table form, information on programme and administrative records which have been transferred to GRS for retention, including category of records, years covered by the records, number and linear metres of records, years of transfer to GRS, retention period approved by GRS and whether they are confidential documents.
4. Please provide in a table form, information on records which have been approved for destruction by GRS, including category of records, names of records, years covered by the records, number and linear metres of records, years of transfer to GRS, retention period approved by GRS, whether they are confidential documents, reasons for not having been transferred and reasons for approval for destruction.

Reply:

1. The Commerce, Industry and Tourism Branch and family departments (including Invest Hong Kong, Trade and Industry Department, Intellectual Property Department, Hong Kong Observatory and Hongkong Post) of the Commerce and Economic Development Bureau have already appointed Departmental Records Managers who are assisted by Assistant Departmental Records Managers and Records Managers from various Divisions/Sections to implement and monitor records management matters. Since these officers do not work full time on records management work and the time spent on such duties vary over different periods of time, it is difficult to quantify the hours of work involved accurately.
2. The programme and administrative records which have been closed pending transfer to the Government Records Service (GRS) for appraisal in 2016-17 are tabulated below -

Category	Years covered	Quantity and linear metres	Retention period approved by GRS	Are they confidential documents	Reasons for non-transfer
Administrative	1989 - 2016	90 records / 4.53 lm	According to General Administrative Records Disposal Schedules (GARDS)	No	Retention period not yet expired
	1994 - 2017	21 records / 1.05 lm		Yes	
	1962 - 2014	248 records / 10.42 lm		No	Submitted requests to GRS and pending instruction
	1996 - 2013	16 records / 0.80 lm		Yes	
	1998 - 2017	62 records / 2.85 lm		No	Pending submission to GRS
	2013 - 2014	1 record / 0.05 lm		Yes	

Category	Years covered	Quantity and linear metres	Retention period approved by GRS	Are they confidential documents	Reasons for non-transfer
Programme	1951 - 2017	3 319 records / 172.97 lm	According to the disposal schedules approved by GRS (RMO2)	No	Retention period not yet expired
	1949 - 2017	4 701 records / 223.97 lm		Yes	
	1946 - 2017	782 records / 39.10 lm		No	Submitted requests to GRS and pending instruction
	1966 - 2000	59 records / 2.95 lm		Yes	
	2011 - 2015	4 records / 0.16 lm	Pending GRS's approval	No	Pending GRS's approval for the retention period
	1949 - 2017	1 141 records / 56.92 lm	According to RMO2	No	Pending submission to GRS
	1956 - 2007	599 records / 29.85 lm		Yes	

3. The programme and administrative records which have been transferred to GRS for retention in 2016-17 are tabulated below –

Category	Years covered	Number and linear metres of records	Year of transfer to GRS	Retention period approved by GRS	Are they confidential documents
Administrative	1980 - 1996	4 records / 0.20 lm	2016 - 2017	Retention period advised by GRS	Yes

Category	Years covered	Number and linear metres of records	Year of transfer to GRS	Retention period approved by GRS	Are they confidential documents
Programme	1982 - 2013	6 254 records / 174.25 lm	2016 - 2017	According to RMO2	No
	1957 - 2007	333 records / 13.80 lm			Yes

4. The records which have been approved for destruction by GRS in 2015-16 are tabulated at Annex I.

Annex I

Category	Names of records	Years covered	Quantity and Linear metres	Year of transfer to GRS	Retention period approved by GRS	Are they confidential documents	Reasons for not having been transferred	Reasons for approval for destruction
Administrative	Administration							
	Accidents	1985 - 2009	432 records / 4.32 lm	Upon approval given by GRS for destruction, there is no need to transfer files to GRS	According to GARDS	No	Not applicable	These records no longer possessed any administrative, operational, fiscal and legal values and were appraised by the GRS as having no archival value. After they became time-expired records according to the retention periods as set out in the corresponding records retention and disposal schedules, they were destroyed after agreement of the GRS Director was obtained.
	Appreciation and Condolences	2000 - 2011	8 records / 0.42 lm			No		
	Associations and Clubs	1999 - 2011	1 record / 0.06 lm			No		
	Cafeterias and Eating Facilities	1993 - 2011	3 records / 0.18 lm			No		
	Ceremonies and celebrations	1989 - 2009	6 records / 0.18 lm			No		
	Charity	2008 - 2011	2 records / 0.12 lm			No		
	Circulars and Directives	1974 - 2010	57 records / 3.81 lm			No		

Category	Names of records	Years covered	Quantity and Linear metres	Year of transfer to GRS	Retention period approved by GRS	Are they confidential documents	Reasons for not having been transferred	Reasons for approval for destruction
Administrative	Circulars and Directives	2001 - 2011	1 record / 0.05 lm	Upon approval given by GRS for destruction, there is no need to transfer files to GRS	According to GARDS	Yes	Not applicable	These records no longer possessed any administrative, operational, fiscal and legal values and were appraised by the GRS as having no archival value. After they became time-expired records according to the retention periods as set out in the corresponding records retention and disposal schedules, they were destroyed after agreement of the GRS Director was obtained.
	Community Health and Safety	2001 - 2005	1 record / 0.02 lm			No		
	Community Services	2008 - 2011	1 record / 0.06 lm			No		
	Complaints	1970 - 2008	5 records / 0.23 lm			No		
	Conferences and seminars	1988 - 2011	20 records / 0.84 lm			No		
	Conferences and seminars	2001 - 2002	7 records / 0.35 lm			Yes		
	Corporations and Firms	1998 - 2011	6 records / 0.30 lm			No		
	Elections	2004 - 2011	2 records / 0.08 lm			No		
	Emergency Planning	1974 - 2011	5 records / 0.16 lm			No		

Category	Names of records	Years covered	Quantity and Linear metres	Year of transfer to GRS	Retention period approved by GRS	Are they confidential documents	Reasons for not having been transferred	Reasons for approval for destruction
Administrative	Emergency Planning	2007 - 2011	1 record / 0.05 lm	Upon approval given by GRS for destruction, there is no need to transfer files to GRS	According to GARDS	Yes	Not applicable	These records no longer possessed any administrative, operational, fiscal and legal values and were appraised by the GRS as having no archival value. After they became time-expired records according to the retention periods as set out in the corresponding records retention and disposal schedules, they were destroyed after agreement of the GRS Director was obtained.
	Environmental Management	1993 - 2010	6 records / 0.27 lm			No		
	Gifts and Donations	1986 - 2011	3 records / 0.12 lm			No		
	Intellectual property	1999 - 2004	3 records / 0.13 lm			No		
	Licences, Passes and Permits	1987 - 2011	24 records / 1.76 lm			Yes		
	Management Services	1992 - 2010	24 records / 0.76 lm			No		
	Office Services	1999 - 2014	16 records / 0.44 lm			No		
	Official Languages	1986 - 2004	2 records / 0.10 lm			No		
	Plans and Programmes	2008 - 2011	1 record / 0.01 lm			No		

Category	Names of records	Years covered	Quantity and Linear metres	Year of transfer to GRS	Retention period approved by GRS	Are they confidential documents	Reasons for not having been transferred	Reasons for approval for destruction
Administrative	Reports and Statistics	1993 - 2006	3 records / 0.15 lm	Upon approval given by GRS for destruction, there is no need to transfer files to GRS	According to GARDS	No	Not applicable	These records no longer possessed any administrative, operational, fiscal and legal values and were appraised by the GRS as having no archival value. After they became time-expired records according to the retention periods as set out in the corresponding records retention and disposal schedules, they were destroyed after agreement of the GRS Director was obtained.
	Reports and Statistics – Monthly	1998 - 2010	9 records / 0.42 lm			No		
	Reports and Statistics – Quarterly	2001 - 2002	1 record / 0.04 lm			No		
	Security	1986 - 2002	6 records / 0.13 lm			No		
	Visits and Tours	1982 - 2012	109 records / 3.76 lm			No		

Category	Names of records	Years covered	Quantity and Linear metres	Year of transfer to GRS	Retention period approved by GRS	Are they confidential documents	Reasons for not having been transferred	Reasons for approval for destruction
Administrative	Accommodation and Facilities							
	Accommodation	1998 - 2011	3 records / 0.06 lm	Upon approval given by GRS for destruction, there is no need to transfer files to GRS	According to GARDS	No	Not applicable	These records no longer possessed any administrative, operational, fiscal and legal values and were appraised by the GRS as having no archival value. After they became time-expired records according to the retention periods as set out in the corresponding records retention and disposal schedules, they were destroyed after agreement of the GRS Director was obtained.
	Accommodation – Building Management	1974 - 2000	2 records / 0.04 lm			No		
	Accommodation – Fitting Out	1988 - 2011	29 records / 1.38 lm			No		
	Accommodation – Security	1988 - 2011	6 records / 0.18 lm			No		
	Accommodation – Security	1999 - 2008	1 record / 0.05 lm			Yes		
	Communication Systems – Maintenance	2002 - 2008	1 record / 0.05 lm			No		
	Utilities – Installation and Disposal	1998 - 2011	3 records / 0.15 lm			No		

Category	Names of records	Years covered	Quantity and Linear metres	Year of transfer to GRS	Retention period approved by GRS	Are they confidential documents	Reasons for not having been transferred	Reasons for approval for destruction
Administrative	Procurement and Supplies							
	Equipment and Supplies	1996 - 2009	316 records / 2.89 lm	Upon approval given by GRS for destruction, there is no need to transfer files to GRS	According to GARDS	No	Not applicable	These records no longer possessed any administrative, operational, fiscal and legal values and were appraised by the GRS as having no archival value. After they became time-expired records according to the retention periods as set out in the corresponding records retention and disposal schedules, they were destroyed after agreement of the GRS Director was obtained.
	Audiovisual and Photographic Equipment and Supplies	1998	1 record / 0.04 lm			No		
	Canteen and Pantry Equipment and Supplies	1988 - 2011	1 record / 0.06 lm			No		
	Computer Equipment and Supplies	1963 - 2010	13 records / 0.42 lm			No		
	Furniture and Furnishings	2004 - 2007	1 record / 0.04 lm			No		
	Office Machines and Equipment	1989 - 2011	2 records / 0.08 lm			No		
	Printing	1974 - 1983	1 record / 0.04 lm			No		
	Security Equipment and Supplies	1996 - 2009	16 records / 0.50 lm			Yes		

Category	Names of records	Years covered	Quantity and Linear metres	Year of transfer to GRS	Retention period approved by GRS	Are they confidential documents	Reasons for not having been transferred	Reasons for approval for destruction
Administrative	Stationery	2003 - 2007	1 record / 0.05 lm	Upon approval given by GRS for destruction, there is no need to transfer files to GRS	According to GARDS	No	Not applicable	These records no longer possessed any administrative, operational, fiscal and legal values and were appraised by the GRS as having no archival value. After they became time-expired records according to the retention periods as set out in the corresponding records retention and disposal schedules, they were destroyed after agreement of the GRS Director was obtained.
	Vehicles	1998 - 2012	54 records / 1.30 lm			No		

Category	Names of records	Years covered	Quantity and Linear metres	Year of transfer to GRS	Retention period approved by GRS	Are they confidential documents	Reasons for not having been transferred	Reasons for approval for destruction
Administrative	Finance and Accounting							
	Finance	1996 - 2011	6 records / 0.18 lm	Upon approval given by GRS for destruction, there is no need to transfer files to GRS	According to GARDS	No	Not applicable	These records no longer possessed any administrative, operational, fiscal and legal values and were appraised by the GRS as having no archival value. After they became time-expired records according to the retention periods as set out in the corresponding records retention and disposal schedules, they were destroyed after agreement of the GRS Director was obtained.
	Accounts and Accounting	1996 - 2010	1 637 records / 81.65 lm			No		
	Accounts Payable	1996 - 2008	987 records / 57.80 lm			No		
	Accounts Receivable	2004 - 2006	2 records / 0.12 lm			No		
	Allowances	1952 - 2011	59 records / 4.80 lm			No		
	Audits	1989 - 2010	240 records / 11.98 lm			No		
	Banks and Banking	1990 - 2008	211 records / 10.19 lm			No		
	Budgets	1980 - 2011	23 records / 0.96 lm			No		
	Claims	1995 - 2011	68 records / 3.50 lm			No		

Category	Names of records	Years covered	Quantity and Linear metres	Year of transfer to GRS	Retention period approved by GRS	Are they confidential documents	Reasons for not having been transferred	Reasons for approval for destruction
Administrative	Expenditure Control	1994 - 2007	10 records / 1.61 lm	Upon approval given by GRS for destruction, there is no need to transfer files to GRS	According to GARDS	No	Not applicable	These records no longer possessed any administrative, operational, fiscal and legal values and were appraised by the GRS as having no archival value. After they became time-expired records according to the retention periods as set out in the corresponding records retention and disposal schedules, they were destroyed after agreement of the GRS Director was obtained.
	Insurance	1993 - 2008	3 records / 0.30 lm			No		
	Pension	2001 - 2007	2 records / 0.06 lm			No		
	Returns and Statements	1997 - 2003	70 records / 3.50 lm			No		
	Salaries	1981 - 2011	13 records / 0.84 lm			No		

Category	Names of records	Years covered	Quantity and Linear metres	Year of transfer to GRS	Retention period approved by GRS	Are they confidential documents	Reasons for not having been transferred	Reasons for approval for destruction
Administrative	Human Resources							
	Accidents and Injuries	1991 - 2004	1 record / 0.02 lm	Upon approval given by GRS for destruction, there is no need to transfer files to GRS	According to GARDS	No	Not applicable	These records no longer possessed any administrative, operational, fiscal and legal values and were appraised by the GRS as having no archival value. After they became time-expired records according to the retention periods as set out in the corresponding records retention and disposal schedules, they were destroyed after agreement of the GRS Director was obtained.
	Appointments and Posting	1979 - 2011	102 records / 5.72 lm			No		
	Appointments and Posting	1998 - 2012	6 records / 0.30 lm			Yes		
	Awards and Honours	1982 - 2011	78 records / 4.08 lm			No		
	Conduct and Discipline	1995 - 2010	8 records / 0.29 lm			No		
	Conduct and Discipline	1998 - 2011	12 records / 0.60 lm			Yes		
	Employment and Recruitment	1980 - 2013	157 records / 1.67 lm			No		

Category	Names of records	Years covered	Quantity and Linear metres	Year of transfer to GRS	Retention period approved by GRS	Are they confidential documents	Reasons for not having been transferred	Reasons for approval for destruction
Administrative	Establishment	1986 - 2011	63 records / 2.65 lm	Upon approval given by GRS for destruction, there is no need to transfer files to GRS	According to GARDS	No	Not applicable	These records no longer possessed any administrative, operational, fiscal and legal values and were appraised by the GRS as having no archival value. After they became time-expired records according to the retention periods as set out in the corresponding records retention and disposal schedules, they were destroyed after agreement of the GRS Director was obtained.
	Health and Safety	1984 - 2011	11 records / 0.71 lm			No		
	Hours of Work and Overtime	1987 - 2010	31 records / 2.52 lm			No		
	Human Resources Planning	1981 - 2011	52 records / 3.30 lm			No		
	Human Resources Planning	2000 - 2008	3 records / 0.15 lm			Yes		
	Leave	1983 - 2012	94 233 records / 16.38 lm			No		
	Leave	1998 - 2011	2 records / 0.10 lm			Yes		
	Performance Appraisal	1946 - 2013	324 records / 22.13 lm			No		
	Performance Appraisal	2000 - 2003	5 records / 0.25 lm			Yes		

Category	Names of records	Years covered	Quantity and Linear metres	Year of transfer to GRS	Retention period approved by GRS	Are they confidential documents	Reasons for not having been transferred	Reasons for approval for destruction
Administrative	Promotions and Examinations	1983 - 2004	14 records / 1.31 lm	Upon approval given by GRS for destruction, there is no need to transfer files to GRS	According to GARDS	No	Not applicable	These records no longer possessed any administrative, operational, fiscal and legal values and were appraised by the GRS as having no archival value. After they became time-expired records according to the retention periods as set out in the corresponding records retention and disposal schedules, they were destroyed after agreement of the GRS Director was obtained.
	Promotions and Examinations	1998 - 2011	1 record / 0.05 lm			Yes		
	Recreation and Welfare	1995 - 2011	31 records / 1.92 lm			No		
	Recreation and Welfare	1981 - 1996	2 records / 0.10 lm			Yes		
	Staff Relations	1994 - 2011	19 records / 0.90 lm			No		
	Staff Relations – Appeals and Grievances	1993 - 2011	831 records / 11.82 lm			No		
	Staff Relations – Union	1987 - 2011	19 records / 1.14 lm			No		
	Staff Relations – Union	1977 - 1992	5 records / 0.25 lm			Yes		
	Termination of Service	1992 - 2011	11 records / 0.77 lm			No		

Category	Names of records	Years covered	Quantity and Linear metres	Year of transfer to GRS	Retention period approved by GRS	Are they confidential documents	Reasons for not having been transferred	Reasons for approval for destruction
Administrative	Training and Development	1977 - 2011	78 records / 3.79 lm	Upon approval given by GRS for destruction, there is no need to transfer files to GRS	According to GARDS	No	Not applicable	These records no longer possessed any administrative, operational, fiscal and legal values and were appraised by the GRS as having no archival value. After they became time-expired records according to the retention periods as set out in the corresponding records retention and disposal schedules, they were destroyed after agreement of the GRS Director was obtained.

Category	Names of records	Years covered	Quantity and Linear metres	Year of transfer to GRS	Retention period approved by GRS	Are they confidential documents	Reasons for not having been transferred	Reasons for approval for destruction
Administrative	Management of Information, Information Services and Information Technology							
	Electronic Data Processing Management	1993 - 2011	28 records / 1.53 lm	Upon approval given by GRS for destruction, there is no need to transfer files to GRS	According to GARDS	No	Not applicable	These records no longer possessed any administrative, operational, fiscal and legal values and were appraised by the GRS as having no archival value. After they became time-expired records according to the retention periods as set out in the corresponding records retention and disposal schedules, they were destroyed after agreement of the GRS Director was obtained.
	Information Services	1986 - 2009	35 records / 1.21 lm			No		
	Information Services – Books and Publications	1987 - 2011	10 records / 0.33 lm			No		
	Information Services – Press Conferences and Releases	1997 - 2002	2 records / 0.08 lm			No		
	Library Services	2003 - 2009	1 record / 0.05 lm			No		
	Records Management	1993 - 2009	8 records / 0.28 lm			No		

Category	Names of records	Years covered	Quantity and Linear metres	Year of transfer to GRS	Retention period approved by GRS	Are they confidential documents	Reasons for not having been transferred	Reasons for approval for destruction
Programme	Air Export Cargo List (OBC) (A105/027)	2014	2 106 records / 1.67 lm	2014 - 2015	According to RMO2	No	Already transferred to GRS	These records no longer possessed any administrative, operational, fiscal and legal values and were appraised by the GRS as having no archival value. After they became time-expired records according to the retention periods as set out in the corresponding records retention and disposal schedules, they were destroyed after agreement of the GRS Director was obtained.
	Air Export Manifest (A105/025)	2014 - 2015	43 737 records / 405.33 lm	2014 - 2015		No		
	Air Import Cargo List (OBC) (A105/026)	2014	5 312 records / 9.00 lm	2014 - 2015		No		
	Air Import Manifest (A105/024)	2014 - 2015	28 562 records / 156.33 lm	2014 - 2015		No		
	Applications for SME Export Marketing Fund Scheme	2008 - 2009	14 976 records / 74.88 lm	Upon approval given by GRS for destruction, there is no need to transfer files to GRS		No	Not applicable	
	Consignment check reports on strategic commodities	2010	30 records / 1.50 lm			No		
	Files relating to Airfreight and Shipping Companies	1947 - 2007	32 records / 0.96 lm			No		

Category	Names of records	Years covered	Quantity and Linear metres	Year of transfer to GRS	Retention period approved by GRS	Are they confidential documents	Reasons for not having been transferred	Reasons for approval for destruction
Programme	Files Relating to Applications and Issuance of Certificates	2013 - 2014	15 106 records / 1.71 lm	Upon approval given by GRS for destruction, there is no need to transfer files to GRS	According to RMO2	Yes	Not applicable	These records no longer possessed any administrative, operational, fiscal and legal values and were appraised by the GRS as having no archival value. After they became time-expired records according to the retention periods as set out in the corresponding records retention and disposal schedules, they were destroyed after agreement of the GRS Director was obtained.
	Files Relating to Comments on Public Utilities to Other Agencies	1987 - 2010	2 records / 0.11 lm			No		
	Files Relating to Computerization of the Textile Exports Control System	1984 - 2001	58 records / 2.57 lm			No		
	Files relating to Factory Registration and Outward Processing Arrangement Registration	2013 - 2014	149 records / 5.70 lm			No		
	Files relating to Flight Schedules	1997 - 1999	1 record / 0.04 lm			No		

Category	Names of records	Years covered	Quantity and Linear metres	Year of transfer to GRS	Retention period approved by GRS	Are they confidential documents	Reasons for not having been transferred	Reasons for approval for destruction
Programme	Files Relating to Hong Kong Service Supplier (HKSS) Certificate Applications	2004 - 2009	93 records / 5.00 lm	Upon approval given by GRS for destruction, there is no need to transfer files to GRS	According to RMO2	No	Not applicable	These records no longer possessed any administrative, operational, fiscal and legal values and were appraised by the GRS as having no archival value. After they became time-expired records according to the retention periods as set out in the corresponding records retention and disposal schedules, they were destroyed after agreement of the GRS Director was obtained.
	Files relating to Import & Export, Strategic Commodities, Reserved Commodities	1996 - 1998	2 records / 0.10 lm			No		
	Files relating to International Relations	1971 - 2001	7 records / 0.21 lm			No		
	Files relating to Mail Circulation & Despatching Arrangement	1971 - 1981	2 records / 0.06 lm			No		
	Files relating to Mail Conveyance	1956 - 2011	31 records / 0.93 lm			No		
	Files relating to Participation in International Affairs	1959 - 2002	42 records / 1.68 lm			No		

Category	Names of records	Years covered	Quantity and Linear metres	Year of transfer to GRS	Retention period approved by GRS	Are they confidential documents	Reasons for not having been transferred	Reasons for approval for destruction
Programme	Files relating to Postal Operators and Partners	1948 - 1999	83 records / 1.11 lm	Upon approval given by GRS for destruction, there is no need to transfer files to GRS	According to RMO2	No	Not applicable	These records no longer possessed any administrative, operational, fiscal and legal values and were appraised by the GRS as having no archival value. After they became time-expired records according to the retention periods as set out in the corresponding records retention and disposal schedules, they were destroyed after agreement of the GRS Director was obtained.
	Files Relating to Procedures and Implementation of Electronic Data Interchange (EDI): Service for Restrained Textiles Export Licence	1989 - 2001	142 records / 6.60 lm			No		
	Files relating to transit service	1973 - 1991	2 records / 0.08 lm			No		
	Land Export Manifest (Lorry) (A105/019)	2014 - 2015	18 794 records / 287.00 lm	2014 - 2015		No	Already transferred to GRS	
	Land Import Manifest (Lorry) (A105/017)	2014 - 2015	36 783 records / 525.00 lm	2014 - 2015		No		
	Patents Case Files	2004 - 2005	8 224 records / 154.66 lm	2006		No		

Category	Names of records	Years covered	Quantity and Linear metres	Year of transfer to GRS	Retention period approved by GRS	Are they confidential documents	Reasons for not having been transferred	Reasons for approval for destruction
Programme	Records relating to Comprehensive Licence (CL)	2005 - 2011	32 264 records / 150.00 lm	Upon approval given by GRS for destruction, there is no need to transfer files to GRS	According to RMO2	No	Not applicable	These records no longer possessed any administrative, operational, fiscal and legal values and were appraised by the GRS as having no archival value. After they became time-expired records according to the retention periods as set out in the corresponding records retention and disposal schedules, they were destroyed after agreement of the GRS Director was obtained.
	Records relating to correspondence and invitations between tourism related organisations	1999 - 2004	3 records / 0.15 lm			No		
	Records relating to investment promotion	1993 - 2004	273 records / 5.90 lm			No		
	Records relating to Overseas Philatelic Exhibition	1997 - 2007	10 records / 0.70 lm			No		
	Records relating to preparation of visits, events and publicity programmes related to tourism	1997 - 2007	74 records / 3.70 lm			No		
	Records Relating to Textiles Imports/Exports Licensing	1983 - 2008	120 records / 4.54 lm			No		

Category	Names of records	Years covered	Quantity and Linear metres	Year of transfer to GRS	Retention period approved by GRS	Are they confidential documents	Reasons for not having been transferred	Reasons for approval for destruction
Programme	Records Relating to Textiles Trader Registration Scheme	1993 - 2011	1 725 records / 20.67 lm	Upon approval given by GRS for destruction, there is no need to transfer files to GRS	According to RMO2	No	Not applicable	These records no longer possessed any administrative, operational, fiscal and legal values and were appraised by the GRS as having no archival value. After they became time-expired records according to the retention periods as set out in the corresponding records retention and disposal schedules, they were destroyed after agreement of the GRS Director was obtained.
	Sea Export Manifest (Craft) (A105/023)	2014 - 2015	7 444 records / 20.67 lm	2014 - 2015	According to RMO2	No	Already transferred to GRS	
	Sea Export Manifest (Vessel) (A105/022)	2014 - 2015	7 917 records / 55.67 lm	2014 - 2015		No		
	Sea Import Manifest (Craft) (A105/021)	2014 - 2015	6 686 records / 18.33 lm	2014 - 2015		No		
	Sea Import Manifest (Vessel) (A105/020)	2014 - 2015	16 647 records / 65.67 lm	2014 - 2015		No		

Category	Names of records	Years covered	Quantity and Linear metres	Year of transfer to GRS	Retention period approved by GRS	Are they confidential documents	Reasons for not having been transferred	Reasons for approval for destruction
Programme	Subject Files Relating to Quality of Services Checks	2000 - 2007	10 records / 0.60 lm	Upon approval given by GRS for destruction, there is no need to transfer files to GRS	According to RMO2	No	Not applicable	These records no longer possessed any administrative, operational, fiscal and legal values and were appraised by the GRS as having no archival value. After they became time-expired records according to the retention periods as set out in the corresponding records retention and disposal schedules, they were destroyed after agreement of the GRS Director was obtained.
	Subject Files Relating to Quality of Services Checks	1977 - 1979	1 record / 0.05 lm			No		
	Technical information under the programme “Time Standard and Geophysical Services	1985 - 2000	6 records / 0.20 lm	2015	According to RMO2	No	Already transferred to GRS	
	Trade Marks Case Files	1947 - 2006	13 955 records / 178.67 lm	2006		No		

Category	Names of records	Years covered	Quantity and Linear metres	Year of transfer to GRS	Retention period approved by GRS	Are they confidential documents	Reasons for not having been transferred	Reasons for approval for destruction
Programme	Files Relating to Immigration and Visa Application	2008 - 2011	31 records / 0.23 lm	Upon approval given by GRS for destruction, there is no need to transfer files to GRS	According to RMO2	Yes	Records were destroyed after approval was given by GRS	These records no longer possessed any administrative, operational, fiscal and legal values and were appraised by the GRS as having no archival value. After they became time-expired records according to the retention periods as set out in the corresponding records retention and disposal schedules, they were destroyed after agreement of the GRS Director was obtained.

CONTROLLING OFFICER'S REPLY

CEDB(CIT)206

(Question Serial No.5362)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (1) Director of Bureau's Office, (2) Commerce and Industry, (4) Posts, Competition Policy and Consumer Protection, (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Regarding the expenditure on entertainment and gifts of your bureau and the departments under your purview in the past 2 years, please provide details of the following: the office of the Secretary of Department or Director of Bureau/bureau/branch/department and the year concerned; the estimated expenditure on entertainment and gifts; the actual expenditure on entertainment and gifts; the expenditure limit for entertainment (including beverages) per head; the expenditure limit for gift per guest; and the number of receptions held and total number of guests entertained.

Regarding the expenditure on entertainment and gifts of your bureau and the departments under your purview incurred on each occasion in the past year, please provide details of the following: the office of the Secretary of Department or Director of Bureau/bureau/branch/department concerned; the date of reception; the departments/organisations and titles of the guests entertained (grouped by department/organisation and indicating the number of guests); the food expenses incurred; the beverage expenses incurred; the gift expenses incurred; and the venue of the reception (department office/restaurant in government facilities/private restaurant/others (please specify)).

Please provide the estimated expenditure on entertainment and gifts for the coming year, with details of the following: the office of the Secretary of Department or Director of Bureau/bureau/branch/department concerned; the estimated expenditure on entertainment and gifts; the expenditure limit for entertainment per guest; and the expenditure limit for entertainment per guest (sic).

Asked by: YIU Chung-yim (Member Question No. 179)

Reply:

Generally speaking, all politically appointed officials and civil servants who entertain guests for official purposes have to comply with the same principles and observe relevant regulations and administrative guidelines. When hosting official entertainment for guests, government officers should exercise prudent judgement and economy to avoid the public perception of extravagant entertainment. According to existing general guidelines, the expenditure limits for official lunch and dinner, inclusive of all expenses incurred on food and beverages consumed on the occasion, service charges and tips, are \$450 and \$600 per person respectively.

The expenditures under the departmental entertainment vote from 2015-16 to 2016-17 (up to 28 February 2017) and the estimates for 2017-18 for this branch and departments under our purview are tabulated below:

Bureau / Departments under purview	Official Entertainment (actual expenditure)		Official Entertainment (estimated provision)
	2015-16 (\$'000)	2016-17 (up to 28 February 2017) (\$'000)	2017-18 (\$'000)
Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)	377	427	466
Hong Kong Observatory	82	92	100
Hong Kong Post	141	51	33
Invest Hong Kong	230	223	230
Intellectual Property Department	144	94	155
Trade and Industry Department	203	230	300

In line with the Government's green policy, officers should as far as possible refrain from bestowing gifts/souvenirs to others during the conduct of official activities. According to prevailing guidelines, if it is considered necessary and unavoidable to bestow gifts/souvenirs due to operational, protocol, promotion of activities or other reasons, the gift/souvenir items should not be lavish or extravagant and the number of gifts/souvenirs should be kept to a minimum or the exchange of gifts/souvenirs should be made from organisation to organisation. Since we do not maintain separate accounts relating to the expenses incurred for the purchase of gifts and souvenirs, we do not have the relevant statistical data.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)207

(Question Serial No. 5363)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (1) Director of Bureau's Office, (2) Commerce and Industry, (4) Posts, Competition Policy and Consumer Protection, (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Please provide information regarding consultancy studies (if any) commissioned by the Commerce and Economic Development Bureau and the departments under its purview for the purpose of formulating and assessing policies.

Please provide information on the studies on public policy and strategic public policy for which funds were allocated over the past 2 financial years in terms of the following:

Name of Consultant; mode of award (public bidding/tender/others (please specify)); title, content and objectives of project; consultancy fee (\$); start date; progress of study (under planning/in progress/completed); follow-ups taken by the Government on the study reports and their progress (if any); if completed, have they been made public? If yes, through what channel(s)? If not, what were the reasons?

Are there any projects for which funds have been reserved for conducting internal studies this year? If yes, please provide the following information: title, content and objectives of project; start date; progress of study (under planning/in progress/completed); follow-ups taken by the Government on the study reports and their progress (if any); for the projects that are expected to be completed this year, is there any plan to make them public? If yes, through what channel(s)? If not, what are the reasons?

Are there any projects for which funds have been reserved for conducting consultancy studies this year? If yes, please provide the following information: name of consultant; mode of award (public bidding/tender/others (please specify)); title, content and objectives of project; consultancy fee (\$); start date; progress of study (under planning/in progress/completed); follow-ups taken by the Government on the study reports and their

progress (if any); for the projects that are expected to be completed this year, is there any plan to make them public? If yes, through what channel(s)? If not, what are the reasons? What are the criteria for considering the award of consultancy projects to the research institutions concerned?

Asked by: Hon YIU Chung-yim (Member Question No. 180)

Reply:

(1) The studies on public policy and strategic public policy conducted by Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch) and the departments under its purview during the period from 2015-16 to 2016-17 are listed below:

2015-16

2015-16: Name of consultant	Mode of award (open auction/ tender/ quotation/ others (please specify))	Title, content and objective of project	Consultancy fee (\$)	Start date	Progress of study (under planning/ in progress/ completed (completion month and year))	Follow-up actions taken by the Government on the study report and their progress (if any)	For completed studies, have the findings been made public? If yes, through what channels? If no, why?
Institute for International Economic Research of National Development and Reform Commission	Tender	Consultancy services for assessing the implications of Hong Kong's participation in the proposed China-Japan-Korea Free Trade Agreement Study the benefits and implications of Hong Kong's participation in the China-Japan-Korea Free Trade Agreement for China, Japan, Korea and Hong Kong	632,400 (The study was completed in 2014-15. The remaining fees were settled in 2015-16.)	September 2013	Completed (December 2014)	The Government will make reference to the consultancy report when considering whether to pursue participation in the China-Japan-Korea Free Trade Agreement.	The consultancy study report is for the Government's internal consideration.
PolyU Technology and Consultancy Company Limited	Tender	Consultancy study on the role of Hong Kong in Mainland companies' 'Go Global' strategy and the business opportunities for Hong Kong	689,000	August 2015	In progress	Not applicable	The Government will issue an executive summary of the study report.

2015-16: Name of consultant	Mode of award (open auction/ tender/ quotation/ others (please specify))	Title, content and objective of project	Consultancy fee (\$)	Start date	Progress of study (under planning/ in progress/ completed (completion month and year))	Follow-up actions taken by the Government on the study report and their progress (if any)	For completed studies, have the findings been made public? If yes, through what channels? If no, why?
Bird & Bird	Tender	<p>Consultancy Study in support of the Review of the Patent System in HKSAR</p> <p>To provide consultancy advice on legal, technical and procedural issues relating to implementation of the “original grant” patent system and refinement of the short-term patent system in Hong Kong</p> <p>(continuation of the consultancy study in 2014-15)</p>	118,352	March 2014	In progress	The Government took into account the consultant’s advice in drawing up the legislative proposals for implementing the new patent system.	The interim reports of the consultancy study are for Government’s internal consideration.
CrimsonLogic Pte Ltd	Tender	<p>Consultancy Study on the Development of Government Electronic Trading Services (GETS)</p> <p>The study examines how to develop GETS into a “Single Window”, through which one-stop customs clearance can be provided. It also examines how best to further streamline departments’ handling of import/export documents.</p> <p>(continuation of the consultancy study in 2014-15)</p>	6,590,355	September 2014	Completed (March 2016)	The Government will make reference to the result of the consultancy study when preparing for the development of the “Single Window”.	The result of the consultancy study is for Government’s internal reference.

2015-16: Name of consultant	Mode of award (open auction/ tender/ quotation/ others (please specify))	Title, content and objective of project	Consultancy fee (\$)	Start date	Progress of study (under planning/ in progress/ completed (completion month and year))	Follow-up actions taken by the Government on the study report and their progress (if any)	For completed studies, have the findings been made public? If yes, through what channels? If no, why?
KPMG Transaction Advisory Services Limited	Tender	Consultancy on the Phase 2 development of the Hong Kong Disneyland Resort	494,600	June 2015	In progress	The Government will make reference to the consultant's recommendations when considering the overall development of the Hong Kong Disneyland Resort.	Not applicable
Ptarmigan Integration Limited	Tender	Consultancy study to review "A Symphony of Lights" (SoL) comprehensively and explore possible options for its way forward	Nil (Consultancy fee to be settled in 2016-17)	August 2015	In progress	The Government will make reference to the result of the consultancy study when deciding on the way forward of SoL.	Not applicable
PricewaterhouseCoopers Advisory Services Limited	Tender	Appointment of financial consultant to assess the revised funding proposals in connection with the Tai Shue Wan Development Project of the Ocean Park Corporation To provide consultancy services advising on financial, business and financing arrangements, and other relevant aspects for the Ocean Park Corporation's revised funding proposals	1,430,000 (Consultancy fee of 122,000 was settled in 2016-17)	August 2015	Completed (March 2016)	The Government made reference to the results of the consultancy study when examining the revised funding proposals in connection with the Tai Shue Wan Development Project of the Ocean Park Corporation.	The advice from the consultant is for Government's internal consideration.

2016-17 Name of consultant	Mode of award (open auction/tender/others (please specify))	Title, content and objective of project	Consultancy fee(\$)	Start date	Progress of studies (under planning/ in progress/ completed)	Follow-up actions taken by the Government on the study report and their progress (if any)	For projects that are expected to be completed this year, is there any plan to make them public? If yes, through what channels? If no, why?
Bird & Bird	Tender	Consultancy Study in support of the Review of the Patent System in HKSAR To provide consultancy advice on legal, technical and procedural issues relating to implementation of the “original grant” patent system and refinement of the short-term patent system in Hong Kong (continuation of the consultancy study in 2015-16)	Nil (The Consultant is to be engaged to render its consultancy service only as and when required. No such service has been sought throughout the year.)	March 2014	In progress	N/A	Not applicable
Mercado Solutions Associates Limited	Tender	Survey on Manpower in Intellectual Property Trading and Management, with a view to understanding the situation and needs	Nil (Payment will be settled in 2017-2018)	January 2017	In progress	The survey result will assist the Government in considering policies and measures to enhance the IP manpower capacity, with a view to promoting the development of IP trading.	Not applicable

2016-17 Name of consultant	Mode of award (open auction/tender/others (please specify))	Title, content and objective of project	Consultancy fee(\$)	Start date	Progress of studies (under planning/ in progress/ completed)	Follow-up actions taken by the Government on the study report and their progress (if any)	For projects that are expected to be completed this year, is there any plan to make them public? If yes, through what channels? If no, why?
British Postal Consultancy Service (BCPS)	Quotation	Scoping Study to upgrade the Air Mail Centre (AMC) To examine Hongkong Post's airmail traffic projections and the associated operational requirements, assess the accommodation and postal facilities required to meet the service demand, with a view to putting forward proposals on the upgrading and expansion of the AMC	488,800	November 2016	Completed	Not applicable	The advice from the consultant is for Government's internal consideration
KPMG Transaction Advisory Services Limited	Tender	Consultancy on the Phase 2 development of the Hong Kong Disneyland Resort (continuation of the consultancy study in 2015-16)	Subject to progress and the work required	June 2015	In progress	The Government will make reference to the consultant's recommendations when considering the overall development of the Hong Kong Disneyland Resort.	Not applicable
Parmigan Integration Limited	Tender	Consultancy study to review "A Symphony of Lights" (SoL) comprehensively and explore possible options for its way forward (continuation of the consultancy study in 2015-16)	1,428,364	August 2015	Completed (August 2016)	The Government made reference to the result of the consultancy study when deciding on the way forward of SoL.	The advice from the consultant is for Government's internal consideration.

(2) No provision has been allocated under Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch) and the departments under its purview for conducting internal studies in 2017-18.

(3) Provision has been allocated under Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch) and the departments under its purview for conducting the following consultancy studies in 2017-18:

2017-18

2017-18 Name of consultant	Mode of award (open auction/ tender/ot hers (please specify))	Title, content and objective of project	Consultancy fee(\$)	Start date	Progress of studies (under planning/ in progress/ complete d)	Follow-up actions taken by the Government on the study report and their progress (if any)	For projects that are expected to be completed this year, is there any plan to make them public? If yes, through what channels? If no, why?
Bird & Bird	Tender	Consultancy Study in support of the Review of the Patent System in HKSAR To provide consultancy advice on legal, technical and procedural issues relating to implementation of the "original grant" patent system and refinement of the short-term patent system in Hong Kong (continuation of the consultancy study in 2016-17)	Subject to the amount of work to be assigned to the consultant and the manhours required.	March 2014	In progress	The Government will take into account the consultant's advice, if any, in drawing up the legislative proposals to amend the subsidiary legislation and also the examination guidelines for implementing the new patent system.	The consultant's advice is for Government's internal reference.

2017-18	Mode of award (open auction/tender/other (please specify))	Title, content and objective of project	Consultancy fee(\$)	Start date	Progress of studies (under planning/ in progress/ completed)	Follow-up actions taken by the Government on the study report and their progress (if any)	For projects that are expected to be completed this year, is there any plan to make them public? If yes, through what channels? If no, why?
Name of consultant							
Mercado Solutions Associates Limited	Tender	Survey on Manpower in Intellectual Property Trading and Management, with a view to understanding the situation and needs (continuation of the survey in 2016-17)	988,000	January 2017	In progress	The survey result will assist the Government in considering policies and measures to enhance the IP manpower capacity, with a view to promoting the development of IP trading.	Not applicable
Mercado Solutions Associates Ltd.	Quotation	Perception Surveys for the Retail Industry To assess the public perception of the retail industry and the effectiveness of the promotion campaign	162,000	September 2014	In progress	Not applicable	Not applicable
KPMG Transaction Advisory Services Limited	Tender	Consultancy on the Phase 2 development of the Hong Kong Disneyland Resort (continuation of the consultancy study in 2016-17)	Subject to progress and the work required	June 2015	In progress	The Government will make reference to the consultant's recommendations when considering the overall development of the Hong Kong Disneyland Resort.	The advice from the consultant is for Government's internal consideration.

2017-18 Name of consultant	Mode of award (open auction/tender/others (please specify))	Title, content and objective of project	Consultancy fee(\$)	Start date	Progress of studies (under planning/ in progress/ completed)	Follow-up actions taken by the Government on the study report and their progress (if any)	For projects that are expected to be completed this year, is there any plan to make them public? If yes, through what channels? If no, why?
(To be appointed)	Tender	Consultancy Study on Resource Requirement for the Establishment and Operation of the Travel Industry Authority	Subject to the result of the tender exercise	To start in the 2nd quarter of 2017	Under planning	Not applicable	The advice from the consultant is for Government's internal consideration.

In the selection of consultant firms, we have followed the Government's prevailing guidelines and procedures to select the suitable firm in an open and fair competition manner. The selection criteria include the tender price, the service quality, relevant qualification, experience, reputation, expertise, the proposed methodology and work plan of the consulting firm as well as cost-effectiveness of the proposal, etc.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)208

(Question Serial No. 5364)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (1) Director of Bureau's Office, (2) Commerce and Industry, (3) Subvention: Hong Kong Trade Development Council, (4) Posts, Competition Policy and Consumer Protection, (6) Travel and Tourism, (8) Public Safety

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Please give details of the duty visits of the Secretary and Under Secretary in the past 2 years by setting out certain information of the trips, including the number of visits, purposes and places of visits, number of officers in entourage, air ticket expenses, local transportation expenses, hotel expenses, subsistence allowance and other expenses, banquet and entertainment expenses, gift expenses as well as the total expenses.

If the above information covers trips to Mainland China, please give details of the meetings with, visits to or exchanges with the relevant Mainland authorities by the Bureau and departments under its purview in the past year (including the total number of such trips) by setting out in order of date of departure certain information of each trip, including (1) the purpose and place of the trip, number and post titles of Hong Kong officials in entourage, and post titles of the Mainland officials met; (2) whether announcement was made prior to the trip and, if not, the reasons for keeping confidence; (3) whether files of the minutes of the meetings have been kept and, if not, the reasons for that; and (4) whether agreements were reached and, if yes, the details and progress of their implementation.

Asked by: Hon YIU Chung-yim (Member Question No. 181)

Reply:

(1) In the two financial years of 2015-16 and 2016-17 (as at 28 February 2017), the actual amount of expenditure on official entertainment (both in and outside Hong Kong) of the Director of Bureau's Office are about \$100,000 and \$156,000 respectively.

In line with the Government's green policy, public officers should as far as possible refrain from bestowing gifts/souvenirs to others during the conduct of official activities. According to the existing guidelines, where bestowal of gifts/souvenirs is necessary or unavoidable due to operational, protocol or other reasons, the gift/souvenir items should not be lavish or extravagant and the number should be kept to a minimum. Also, the exchange of gifts/souvenirs should only be made from organisation to organisation. As we do not specifically maintain separate accounts for the expenses on the procurement of gifts and souvenirs, relevant statistics are not available.

Relevant information on the overseas duty visits of the Secretary for Commerce and Economic Development and the Under Secretary for Commerce and Economic Development in the past two financial years is at Appendix I.

(2) Details of the meetings, visits or exchanges held between Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch) (CITB) as well as the departments under CITB's purview and the relevant Mainland authorities in the past year (up to 28 February 2017) are at Appendix II.

Secretary for Commerce and Economic Development

Date of overseas duty visit (Number of visits)	Place of duty visit	Purpose of duty visit	Number of entourage members	Passage expenses (A)	Hotel expenses (B)	Other expenses ^{Note} (C)	Total expenditure (A)+(B)+(C)
2015-16 (21 times)	Shanghai, Nansha, Malaysia (Kuala Lumpur), Wuhan, the Philippines (Boracay*, Cebu*, Manila* and Iloilo*), Jinan, Germany (Berlin), France (Paris and Burgundy), Canada (Toronto and Vancouver), USA (Chicago and San Francisco), Tianjin, Australia (Melbourne, Canberra, Adelaide and Sydney), Chile (Santiago), Mexico (Mexico City), Beijing*, Belgium (Brussels), Thailand (Bangkok), Switzerland (Davos) and Korea (Seoul)	To attend meetings and events, and promote Hong Kong (e.g. meetings of Asia-Pacific Economic Cooperation, ceremonies of promotional events, meetings with government officials, local organisations and Hong Kong people)	0-2 each time	About HK\$648,000	About HK\$59,000	About HK\$76,000	About HK\$783,000
2016-17 (as at 28.2.2017) (13 times)	United Kingdom (London), Lithuania (Vilnius), Canada (Calgary), Laos (Vientiane)*, Guangzhou*, Dalian, Spain (Madrid), Peru (Lima)*, Singapore, the Philippines (Manila), USA (Washington), Beijing*, Israel (Jerusalem and Tel Aviv), Switzerland (Geneva, Bern and Davos) and Ireland (Dublin)	To attend meetings and events, and promote Hong Kong (e.g. meetings of Asia-Pacific Economic Cooperation, ceremonies of promotional events, meetings with government officials, local organisations and Hong Kong people)	0-1 each time	About HK\$662,000	About HK\$40,000	About HK\$56,000	About HK\$758,000

Under Secretary for Commerce and Economic Development

Date of overseas duty visit (Number of visits)	Place of duty visit	Purpose of overseas duty visit	Number of entourage members	Passage expenses (A)	Hotel expenses (B)	Other expenses ^{Note} (C)	Total expenditure (A)+(B)+(C)
2015-16 (4 times)	Shenzhen, Dongguan, Zhuhai* and Jiangmen*	To attend ceremonies of promotional events and visits (e.g. HK-PRD Industrial and Commercial Circle Goodwill Gathering)	0	About HK\$4,300	About HK\$600	About HK\$900	About HK\$5,800
2016-17 (as at 28.2.2017) (6 times)	Dongguan, Chengdu, Guangzhou*, Shenzhen* and Nanchong*	To attend meeting, ceremonies of promotional events and visits (e.g. HK-PRD Industrial and Commercial Circle Goodwill Gathering; and HK-GD Cooperation Joint Conference)	0	About HK\$20,000	About HK\$3,000	About HK\$3,000	About HK\$26,000

* With sponsorship (such as hotel accommodation and/or local transportation) offered by government agencies / organizers of events. The actual value of the sponsorship is not available.

Note: Other expenses include charges for subsistence allowance for duty outside Hong Kong and sundry expenses (if applicable).

Appendix II

Details of the meetings, visits or exchanges held between CITB as well as the departments under CITB's purview and the relevant Mainland authorities in the past year (up to 28 February 2017)

Department	Total no. of meetings, visits or exchanges	Place of visit	Total size of entourage	Major Purposes
Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)	22 times	Including Dongguan, Sichuan, Shanghai, Inner Mongolia, Guangzhou, Dalian, Nanchang, Beijing and Shenzhen	42 people	<ol style="list-style-type: none"> 1. To participate in the Hong Kong/Guangdong Co-operation Joint Conference 2. To participate in the Beijing-Hong Kong Economic Cooperation Symposium 3. To attend the 2016 Pan-Pearl River Delta (PPRD) Regional Co-operation Chief Executive Joint Conference 4. To meet with counterparts in Mainland Tourism Administration
Hong Kong Observatory	27 times	Including Guangzhou, Zhuhai, Shenzhen, Yangjiang, Hohhot, Nanning, Beijing, Shanghai, Xi'an and Wuhan	52 people	To attend regional meetings as well as exchange and coordination meetings with the Mainland counterparts on matters related to forecast techniques, meteorological services, aviation meteorology, radiation monitoring and geophysical services

Department	Total no. of meetings, visits or exchanges	Place of visit	Total size of entourage	Major Purposes
Hong Kong Post	13 times	Including Shenzhen, Beijing, Nanjing, Shanghai, Nanning, Guangzhou, Yangzhou, Hangzhou and Chongqing	31 people	<ol style="list-style-type: none"> 1. To attend meetings with State Post Bureau, China Post Group and its subsidiaries as well as business partners to promote postal co-operation 2. To attend 2016 China (Chongqing) Cross Border e-Commerce High-Level Postal Forum organised by China Post Group 3. To attend China 2016 Asian International Stamp Exhibition 4. To participate in a customer service audit organised by the Kahala Post Group
Invest Hong Kong	28 times	Including Beijing, Tianjin, Shanghai, Nanjing, Changzhou, Wuhan, Nanchang, Changsha, Ningbo, Zhengzhou, Taiyuan, Guiyang, Baotou, Hohhot, Xiamen, Zhongshan, Foshan, Jiangmen and Shenzhen	48 people	<ol style="list-style-type: none"> 1. To visit Mainland companies that have an interest to invest in Hong Kong 2. To organise and attend investment promotion seminars; and 3. To meet with counterparts in Mainland authorities to enhance cooperation on investment promotion matters.

Department	Total no. of meetings, visits or exchanges	Place of visit	Total size of entourage	Major Purposes
Intellectual Property Department	14 times	Including Dongguan, Guangzhou, Nanchang, Nanjing, Nanning, Shenzhen and Beijing	46 people	<ol style="list-style-type: none"> 1. To attend a meeting with the State Intellectual Property Office 2. Jointly organised a Seminar on Intellectual Property and Development of Small and Medium Enterprises and other Guangdong/Hong Kong intellectual property cooperation items 3. To attend the Pan-Pearl River Delta Intellectual Property Cooperation Joint Conference and other related meeting 4. To attend the 15th Meeting of Guangdong/Hong Kong Expert Group on the Protection of Intellectual Property Rights 5. To attend the Second China -ASEAN Industry and Commerce Forum

Department	Total no. of meetings, visits or exchanges	Place of visit	Total size of entourage	Major Purposes
Trade and Industry Department	10 times	Including Beijing, Shenzhen, Guangzhou, Yangzhou and Huizhou	46 people	<ol style="list-style-type: none"> 1. To attend meetings relating to Asia-Pacific Economic Cooperation and Pacific Economic Cooperation Council 2. To attend meetings with Mainland Official and other relevant authorities / organisations for enhancing economic and trade cooperation 3. To attend the meetings relating to Hong Kong-Guangzhou Cleaner Production Partners Recognition Scheme

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)209

(Question Serial No. 5366)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (1) Director of Bureau's Office, (2) Commerce and Industry, (3) Subvention: Hong Kong Trade Development Council, (4) Posts, Competition Policy and Consumer Protection, (6) Travel and Tourism, (8) Public Safety

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

In regard to the growing cross-boundary co-operation between Hong Kong and the Mainland in recent years, please provide relevant information on Hong Kong/Mainland cross-boundary projects or programmes in which your offices/secretaries of departments/bureau and the departments under your purview have been involved:

For each of the Hong Kong/Mainland cross-boundary projects or programmes in the past 2 years, please provide information, including: (1) the title, details and objective of the project/programme, and whether it is related to the Framework Agreement on Hong Kong/Guangdong Co-operation or the Belt and Road Initiative; the expenditure, Mainland official(s) and department(s)/organisation(s) involved; (2) Has any agreement been signed and made public? If not, what are the reasons? Have any minutes of the meetings been taken? If so, have they been made public? What is the progress (percentage completed, commencement date, target completion date)? Have the details, objectives, amount involved or impact on the public, society, culture and ecology been released to the public? If yes, through what channel(s) and what were the manpower and expenditure involved? If not, what were the reasons? Has any public consultation on the cross-boundary project been conducted in Hong Kong? What are the details of the legislative amendments or policy changes involved in the programme?

Apart from the projects or programmes mentioned above, are there any other modes of Hong Kong/Mainland cross-boundary co-operation involving your bureau and the departments under your purview in the past 2 years? If yes, in what modes are they taken forward? What are the manpower and expenditure involved?

Asked by: Hon YIU Chung-yim (Member Question No. 182)

Reply:

Fostering our trade ties with the Mainland is an important policy aim of the Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch). Cross-boundary co-operation / exchange with the Mainland is part of our regular work. Due to the wide scope of work, it is difficult to provide a simple breakdown by year and category.

Under Programme (2) Commerce and Industry and (6) Travel and Tourism, major Hong Kong and Mainland cross-boundary co-operation / exchange undertaken by our Bureau, departments and relevant organisations includes the following areas –

Scope of Work	Progress	Relevant Documents issued to the LegCo by the Government
Closer Economic Partnership Arrangement (CEPA)	<p>Following the signing of the main text of CEPA in 2003, the Mainland and Hong Kong signed ten Supplements and two subsidiary agreements to continue to enhance liberalisation of the Mainland market to Hong Kong in terms of both breadth and depth, which have strengthened trade ties in goods and services, promoted trade and investment facilitation between the Mainland and Hong Kong, and fostered the long-term economic and trade development of both places. The Agreement on Trade in Services signed under the framework of CEPA in November 2015 basically achieves liberalisation of trade in services between the Mainland and Hong Kong, enabling both sides to reach a new milestone after the continuous liberalisation of trade in services through CEPA over the years. The HKSAR Government will continue to provide support through CEPA to assist the Hong Kong trade in further developing the Mainland market and facilitate their trade and investment in the Mainland. The texts of the CEPA and the related agreements thereunder have been uploaded onto the website of the Trade and Industry Department (TID).</p> <p>The HKSAR Government also attaches great importance to the effective</p>	<p>LegCo Panel paper no. CB(1)550/15-16(03) “Progress on Further Liberalisation under the Mainland and Hong Kong Closer Economic Partnership Arrangement” issued in January 2016.</p>

Scope of Work	Progress	Relevant Documents issued to the LegCo by the Government
	implementation of CEPA. We will continue to work closely with the Mainland authorities at central, provincial and municipal levels to assist the trade in making better use of CEPA liberalisation measures and gaining greater access to the Mainland market.	
To assist Hong Kong enterprises in operating in the Mainland	<p>The work under this area includes the following –</p> <ul style="list-style-type: none"> - maintaining close dialogue with the trade through various channels, so as to understand the trade's concerns and views; and maintaining close liaison with the Mainland authorities at various levels (including through the Hong Kong/Guangdong Expert Group on the Restructuring and Upgrading of the Processing Trade) to relay to them the trade's views and to discuss with them support measures for the trade; - disseminating information to Hong Kong enterprises by means of circulars and newsletters, and organising activities such as symposiums and seminars through the TID and our Mainland Offices to enhance the trade's understanding of the Mainland's new policies, legislation and business environment. TID's website includes a dedicated page on economic and trade information of the Mainland, with hyperlinks to the economic and trade websites of about 200 Mainland authorities. This platform facilitates Hong Kong enterprises in getting access to economic and trade information of the Mainland; - organising promotional activities and trade fairs, providing Mainland market information and organising delegations to visit the Mainland through the Hong 	LegCo Panel paper no. CB(1)794/15-16(05 "Economic and Trade relations between the Mainland and Hong Kong" issued in April 2016.

Scope of Work	Progress	Relevant Documents issued to the LegCo by the Government
	<p>Kong Trade Development Council (HKTDC), with a view to enhancing the trade's understanding of Mainland policies and market development;</p> <ul style="list-style-type: none"> - with regard to financial support, assisting small and medium enterprises (SMEs) through the on-going "SME Funding Schemes" in areas such as market promotion, acquisition of equipment, upgrading of operational and technical skills, business restructuring and relocation; - continuing to implement the Dedicated Fund on Branding, Upgrading and Domestic Sales launched on 25 June 2012 to provide funding support to individual enterprises and non-profit-making organisations, so as to assist enterprises in enhancing their competitiveness and facilitating their business development in the Mainland; - arranging our Mainland Offices to collaborate with trade associations and other organisations to organise "Hong Kong Week" promotional events in the Mainland in order to promote Hong Kong products and services, with a view to assisting Hong Kong enterprises in building up their brand image and exploring the domestic market; and - providing platforms for Hong Kong enterprises, particularly SMEs, to showcase their products and build up greater awareness of Hong Kong brands in the Mainland through the network of Design Gallery shops in the Mainland (including physical outlets and online shops) by the HKTDC. 	

Scope of Work	Progress	Relevant Documents issued to the LegCo by the Government
Investment Promotion	<p>Mainland is one of the priority markets of Invest Hong Kong (InvestHK). Up to end 2016, InvestHK has assisted over 750 Mainland companies to set up or expand their businesses in Hong Kong. InvestHK will continue to proactively reach out to and assist Mainland companies to set up or expand their businesses in Hong Kong through organising promotional seminars and exhibitions, conducting investment promotion visits to target companies and receiving incoming delegations from the Mainland, etc.</p> <p>InvestHK has also, since 2002, been collaborating with Mainland provinces and cities in organising joint promotion seminars in major overseas markets to promote the business advantages of Hong Kong and the Mainland (in particular the Pearl River Delta region). For example in 2016-17, InvestHK organised a joint promotion seminar with the Guangdong Province in Paris, France. InvestHK is now in discussion with its counterparts on the plan for 2017-18.</p>	<p>The LegCo Panel paper no. CB(1)550/15-16(05) “Promotion of Inward Investment” issued in February 2016.</p> <p>(Note: including InvestHK’s work relating to the Mainland)</p>
Tourism	<p>The Hong Kong Tourism Board (HKTb) promotes the tourism brands of Hong Kong, Guangdong and Macau through the “Guangdong, Hong Kong & Macau Tourism Marketing Organisation”. It also promotes multi-destination itineraries in major visitor source markets with various Mainland provinces/cities and Macau in order to consolidate Hong Kong’s position as a travel hub in the region.</p> <p>The HKTb has been promoting “Quality & Honest Hong Kong Tours” (Q&H Tours) with the China National Tourism Administration and the travel trade in the Mainland. In 2015, the HKTb worked with 12 travel agents, which had various sales points across the country, and 2 large-scale</p>	<p>LegCo Panel Paper No. CB(4)590/15-16(04) “Hong Kong Tourism Board Work Plan for 2016-17” issued in February 2016.</p> <p>(Note: including HKTb’s promotion work in the Mainland)</p>

Scope of Work	Progress	Relevant Documents issued to the LegCo by the Government
	<p>travel websites to roll out quality Hong Kong travel products. In 2016, the HKTB continued to collaborate with travel agents and travel websites to promote Q&H Tours in various cities of the Mainland, especially those in Northeast, North and West China.</p> <p>In 2017-18, the HKTB will continue to collaborate with Mainland trade partners to promote Q&H Hong Kong Tours in various cities of the Mainland, especially those in Northeast, North and West China, through major media organisations and travel websites to encourage Mainland consumers to choose quality travel products.</p>	

In 2015-16 and 2016-17, the above co-operation with the Mainland on various fronts include agreements on commerce co-operation, tourism co-operation, co-operation on Guangdong Free Trade Zone, intellectual property co-operation and creative industries co-operation signed under various regional co-operation mechanisms (e.g. the Hong Kong/Guangdong Co-operation Joint Conference, Hong Kong/Shanghai Economic and Trade Cooperation Conference, the Hong Kong/Shenzhen Co-operation Meeting). The agreements have been appended to relevant LegCo papers (LegCo Panel paper no. CB(1)41/15-16(01) “The 18th Plenary of the Hong Kong/Guangdong Co-operation Joint Conference” issued in October 2015, LegCo Panel paper no. CB(1)750/15-16(01) “Hong Kong/Shenzhen Co-operation Meeting” issued in April 2016, LegCo Panel paper no. CB(1)39/16-17(01) “The 19th Plenary of the Hong Kong/Guangdong Co-operation Joint Conference” issued in October 2016) and the relevant press releases.

The work to promote co-operation between the two places is on-going. The relevant manpower and expenditure have been subsumed within the establishment and provision of the Bureau and relevant departments and organisations, and are difficult to quantify separately.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)210

(Question Serial No. 5370)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (1) Director of Bureau's Office, (2) Commerce and Industry, (4) Posts, Competition Policy and Consumer Protection, (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

In regard to the growing cross-boundary co-operation between Hong Kong and the Mainland in recent years, please provide relevant information on Hong Kong/Mainland cross-boundary projects or programmes in which your offices/secretaries of departments/bureau and the departments under your purview have been involved:

Have provisions been earmarked for the Hong Kong/Mainland cross-boundary projects or programmes for this year? If yes, for each of the Hong Kong/Mainland cross-boundary projects or programmes for this year, please provide information, including: (1) the title, details and objective of the project/programme, and whether it is related to the Framework Agreement on Hong Kong/Guangdong Co-operation or the Belt and Road Initiative; the expenditure, Mainland official(s) and department(s)/organisation(s) involved; (2) Has any agreement been signed and made public? If not, what are the reasons? Have any minutes of the meetings been taken? If so, have they been made public? What is the progress (percentage completed, commencement date, target completion date)? Have the details, objectives, amount involved or impact on the public, society, culture and ecology been released to the public? If yes, through what channel(s) and what were the manpower and expenditure involved? If not, what were the reasons? Has any public consultation on the cross-boundary project been conducted in Hong Kong? What are the details of the legislative amendments or policy changes involved in the programme?

Apart from the projects or programmes mentioned above, are there any other modes of Hong Kong/Mainland cross-boundary co-operation involving your bureau and the departments under your purview this year? If yes, in what modes are they taken forward? How much financial and manpower resources have been earmarked in the Estimates this year?

Asked by: Hon YIU Chung-yim (Member Question No. 183)

Reply:

Fostering our trade ties with the Mainland is an important policy aim of the Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch). Cross-boundary co-operation / exchange with the Mainland is part of our regular work. Due to the wide scope of work, it is difficult to provide a simple breakdown by year and category.

Under Programme (2) Commerce and Industry and (6) Travel and Tourism, major Hong Kong and Mainland cross-boundary co-operation / exchange undertaken by our Bureau, departments and relevant organisations includes the following areas –

Scope of Work	Progress	Relevant Documents issued to the LegCo by the Government
Closer Economic Partnership Arrangement (CEPA)	<p>Following the signing of the main text of CEPA in 2003, the Mainland and Hong Kong signed ten Supplements and two subsidiary agreements to continue to enhance liberalisation of the Mainland market to Hong Kong in terms of both breadth and depth, which have strengthened trade ties in goods and services, promoted trade and investment facilitation between the Mainland and Hong Kong, and fostered the long-term economic and trade development of both places. The Agreement on Trade in Services signed under the framework of CEPA in November 2015 basically achieves liberalisation of trade in services between the Mainland and Hong Kong, enabling both sides to reach a new milestone after the continuous liberalisation of trade in services through CEPA over the years. The HKSAR Government will continue to provide support through CEPA to assist the Hong Kong trade in further developing the Mainland market and facilitate their trade and investment in the Mainland. The texts of the CEPA and the related agreements thereunder have been uploaded onto the website of the Trade and Industry Department (TID).</p> <p>The HKSAR Government also attaches</p>	<p>LegCo Panel paper no. CB(1)550/15-16(03) “Progress on Further Liberalisation under the Mainland and Hong Kong Closer Economic Partnership Arrangement” issued in January 2016.</p>

Scope of Work	Progress	Relevant Documents issued to the LegCo by the Government
	<p>great importance to the effective implementation of CEPA. We will continue to work closely with the Mainland authorities at central, provincial and municipal levels to assist the trade in making better use of CEPA liberalisation measures and gaining greater access to the Mainland market.</p>	
<p>To assist Hong Kong enterprises in operating in the Mainland</p>	<p>The work under this area includes the following –</p> <ul style="list-style-type: none"> - maintaining close dialogue with the trade through various channels, so as to understand the trade's concerns and views; and maintaining close liaison with the Mainland authorities at various levels (including through the Hong Kong/Guangdong Expert Group on the Restructuring and Upgrading of the Processing Trade) to relay to them the trade's views and to discuss with them support measures for the trade; - disseminating information to Hong Kong enterprises by means of circulars and newsletters, and organising activities such as symposiums and seminars through the TID and our Mainland Offices to enhance the trade's understanding of the Mainland's new policies, legislation and business environment. TID's website includes a dedicated page on economic and trade information of the Mainland, with hyperlinks to the economic and trade websites of about 200 Mainland authorities. This platform facilitates Hong Kong enterprises in getting access to economic and trade information of the Mainland; - organising promotional activities and trade fairs, providing Mainland market information and organising delegations 	<p>LegCo Panel paper no. CB(1)794/15-16(05 "Economic and Trade relations between the Mainland and Hong Kong" issued in April 2016.</p>

Scope of Work	Progress	Relevant Documents issued to the LegCo by the Government
	<p>to visit the Mainland through the Hong Kong Trade Development Council (HKTDC), with a view to enhancing the trade's understanding of Mainland policies and market development;</p> <ul style="list-style-type: none"> - with regard to financial support, assisting small and medium enterprises (SMEs) through the on-going "SME Funding Schemes" in areas such as market promotion, acquisition of equipment, upgrading of operational and technical skills, business restructuring and relocation; - continuing to implement the Dedicated Fund on Branding, Upgrading and Domestic Sales launched on 25 June 2012 to provide funding support to individual enterprises and non-profit-making organisations, so as to assist enterprises in enhancing their competitiveness and facilitating their business development in the Mainland; - arranging our Mainland Offices to collaborate with trade associations and other organisations to organise "Hong Kong Week" promotional events in the Mainland in order to promote Hong Kong products and services, with a view to assisting Hong Kong enterprises in building up their brand image and exploring the domestic market; and - providing platforms for Hong Kong enterprises, particularly SMEs, to showcase their products and build up greater awareness of Hong Kong brands in the Mainland through the network of Design Gallery shops in the Mainland (including physical outlets and online shops) by the HKTDC. 	

Scope of Work	Progress	Relevant Documents issued to the LegCo by the Government
Investment Promotion	<p>Mainland is one of the priority markets of Invest Hong Kong (InvestHK). Up to end 2016, InvestHK has assisted over 750 Mainland companies to set up or expand their businesses in Hong Kong. InvestHK will continue to proactively reach out to and assist Mainland companies to set up or expand their businesses in Hong Kong through organising promotional seminars and exhibitions, conducting investment promotion visits to target companies and receiving incoming delegations from the Mainland, etc.</p> <p>InvestHK has also, since 2002, been collaborating with Mainland provinces and cities in organising joint promotion seminars in major overseas markets to promote the business advantages of Hong Kong and the Mainland (in particular the Pearl River Delta region). For example in 2016-17, InvestHK organised a joint promotion seminar with the Guangdong Province in Paris, France. InvestHK is now in discussion with its counterparts on the plan for 2017-18.</p>	<p>The LegCo Panel paper no. CB(1)550/15-16(05) “Promotion of Inward Investment” issued in February 2016.</p> <p>(Note: including InvestHK’s work relating to the Mainland)</p>
Tourism	<p>The Hong Kong Tourism Board (HKTb) promotes the tourism brands of Hong Kong, Guangdong and Macau through the “Guangdong, Hong Kong & Macau Tourism Marketing Organisation”. It also promotes multi-destination itineraries in major visitor source markets with various Mainland provinces/cities and Macau in order to consolidate Hong Kong’s position as a travel hub in the region.</p> <p>The HKTb has been promoting “Quality & Honest Hong Kong Tours” (Q&H Tours) with the China National Tourism Administration and the travel trade in the Mainland. In 2015, the HKTb worked with 12 travel agents, which had various sales points across the country, and 2 large-scale travel websites to roll out quality Hong</p>	<p>LegCo Panel Paper No. CB(4)590/15-16(04) “Hong Kong Tourism Board Work Plan for 2016-17” issued in February 2016.</p> <p>(Note: including HKTb’s promotion work in the Mainland)</p>

Scope of Work	Progress	Relevant Documents issued to the LegCo by the Government
	<p>Kong travel products. In 2016, the HKTB continued to collaborate with travel agents and travel websites to promote Q&H Tours in various cities of the Mainland, especially those in Northeast, North and West China.</p> <p>In 2017-18, the HKTB will continue to collaborate with Mainland trade partners to promote Q&H Hong Kong Tours in various cities of the Mainland, especially those in Northeast, North and West China, through major media organisations and travel websites to encourage Mainland consumers to choose quality travel products.</p>	

In 2015-16 and 2016-17, the above co-operation with the Mainland on various fronts include agreements on commerce co-operation, tourism co-operation, co-operation on Guangdong Free Trade Zone, intellectual property co-operation and creative industries co-operation signed under various regional co-operation mechanisms (e.g. the Hong Kong/Guangdong Co-operation Joint Conference, Hong Kong/Shanghai Economic and Trade Cooperation Conference, the Hong Kong/Shenzhen Co-operation Meeting). The agreements have been appended to relevant LegCo papers (LegCo Panel paper no. CB(1)41/15-16(01) “The 18th Plenary of the Hong Kong/Guangdong Co-operation Joint Conference” issued in October 2015, LegCo Panel paper no. CB(1)750/15-16(01) “Hong Kong/Shenzhen Co-operation Meeting” issued in April 2016, LegCo Panel paper no. CB(1)39/16-17(01) “The 19th Plenary of the Hong Kong/Guangdong Co-operation Joint Conference” issued in October 2016) and the relevant press releases.

The work to promote co-operation between the two places is on-going. The relevant manpower and expenditure have been subsumed within the establishment and provision of the Bureau and relevant departments and organisations, and are difficult to quantify separately.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)211

(Question Serial No. 6417)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is noted that an organization in Hong Kong is bidding to host the Gay Games in 2022. Is the Government aware of this plan? Has it evaluated the benefits the event might generate for our tourism industry and considered supporting the event as a result? If yes, please state the reasons and details. If not, please state the reasons. Regarding large-scale events organized by the private sector, what are the criteria for evaluating the tourism benefits generated and determining whether or not to support these events and the forms of support to be offered?

Asked by: Hon YIU Chung-yim (Member Question No. 318)

Reply:

The Government welcomes the development of a great variety of events of different nature and scale, with a view to enriching Hong Kong's tourism products and attracting more visitors to our city. In general, in determining the Government's support for tourism events, we will consider whether these events would increase Hong Kong's exposure and generate international media coverage; create a branding impact; raise the profile of Hong Kong internationally; attract visitors to our city; and enhance Hong Kong's position as a premier tourist destination.

The Government noted an organization is in the process of bidding to host the "Gay Games 2022". Should the bid succeed, the Hong Kong Tourism Board would discuss with the organization to explore ways to promote Hong Kong and the event to visitors.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)212****(Question Serial No. 1048)**

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Please tabulate the number of overseas promotional activities on country parks organised by the Agriculture, Fisheries and Conservation Department in collaboration with the Hong Kong Tourism Board in the past 3 years. What were the expenditures involved? How many local visitors and visitors from outside Hong Kong were attracted as a result of the promotional activities?

Year	Promotional activities	Expenditure involved	Number of local visitors attracted	Number of visitors from outside Hong Kong attracted
2014				
2015				
2016				

Asked by: Hon YIU Si-wing (Member Question No. 4)

Reply:

The Tourism Commission, in collaboration with the Agriculture, Fisheries and Conservation Department (AFCD), the Hong Kong Tourism Board (HKTb), the travel trade and event organisers, has been actively promoting Hong Kong's nature-based green tourism products and natural scenery through the HKTb's "Great Outdoors Hong Kong" platform, covering the Hong Kong UNESCO Global Geopark, hiking trails and itineraries featuring outlying islands, as well as the guided tours and green tourism products organised by the travel trade and other organisations. HKTb's promotion work for country parks over the past 3 years are as below:

- To conduct year-round promotion of Hong Kong's natural scenery including the country parks through digital media, marketing promotions, public relations, visitor centres, hotlines, etc.
- To leverage on the "Great Outdoors Hong Kong" platform held between November and March every year to introduce Hong Kong's nature-based green tourism products and countryside scenery to visitors through the publication of hiking guidebooks and organising guided hiking tours. The promotion covers hiking trails in Pok Fu Lam Country Park, the MacLehose Trail in Sai Kung East Country Park, and the Dragon's Back Trail in Shek O Country Park, as well as the guided tours and green tourism products organised by the travel trade and other organisations to the country parks.
- To encourage the overseas travel trade to include green elements such as country parks in the itineraries of visitors coming to Hong Kong (including MICE visitors).
- To arrange international media to experience Hong Kong's outlying islands, green scenery and hiking trails in some of the country parks.

The above promotion work has been included in the total marketing budget of that year, and it is difficult to quantify the expenditure separately.

According to AFCD, the number of country park visitors (including local and overseas visitors) over the past three years is as follows:-

Year	Number of visitors (million)
2014	11.2
2015	13.2
2016	13.0

As many visitors coming to Hong Kong are free and independent travellers, and the country parks are located in different districts, it is difficult for the HKTb to quantify how many visitors are attracted by the HKTb's promotional activities.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)213****(Question Serial No. 1052)**

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is mentioned in the Budget Speech that the Government will promote further the diversification of tourism products by inviting the Hong Kong Tourism Board to provide funding support to activity organisers and the tourism sector for the launch of green tourism products with local characteristics, with a view to encouraging the development of a greater variety of tourism products to attract more visitors to Hong Kong.

- (1) What tourism resources will the Bureau use for promotion of green tourism products?
- (2) What did the Bureau do to improve supporting tourism facilities for these tourist hotspots to facilitate visitors in the past 3 years? How much money was involved?

Improvements made to supporting facilities	Amount of money involved

- (3) What is the amount of financial resources reserved for the above promotion initiatives in 2017-18?

Asked by: Hon YIU Si-wing (Member Question No. 7)

Reply:

- (1) The Tourism Commission (TC), in collaboration with the Agriculture, Fisheries and Conservation Department, the Hong Kong Tourism Board (HKTb), the travel trade and event organisers, has been actively promoting Hong Kong's nature-based green tourism products and natural scenery through the HKTb's "Great Outdoors Hong

Kong” platform, covering the Hong Kong UNESCO Global Geopark, hiking trails and itineraries featuring outlying islands, as well as the guided tours and green tourism products organised by the travel trade and other organisations. The HKTb has also been promoting the city’s natural landscape to visitors, international media and overseas trade partners through various channels such as digital media, marketing promotions, public relations, visitor centres, hotlines and trade activities.

In 2016-17, the HKTb has organised over 50 guided tours and produced around 120,000 hiking guidebooks to recommend nine hiking trails and cycling routes, and suggest the best photography locations to visitors during the “Great Outdoors Hong Kong” promotion period. In 2017-18, the HKTb will continue to leverage on the “Great Outdoors Hong Kong” platform to introduce Hong Kong’s countryside and natural scenery to visitors and showcase the city’s diverse travel experiences through hiking guidebooks and overseas promotions.

- (2) In the past three years, the Government carried out the following improvement works at the tourist hotspots in the country parks:

Improvement works	Expenditure
To enhance the visitor and supporting facilities of the geosite at the East Dam of High Island Reservoir, including the Geo Trail and environmental hygiene facilities	\$9.5 million
To enhance the visitor and supporting facilities of the Hong Kong Wetland Park, including timber boardwalk, exhibition and ticketing facilities	\$11.7 million

- (3) The HKTb’s total marketing budget in 2017-18 is estimated to be \$398.11 million (excluding the additional funding as stated in the Budget), which has covered part of the expenditure for green tourism promotion. In addition, the Government will provide an additional funding of \$5 million to the HKTb for a pilot scheme to promote in-depth green tourism. The Government will provide subsidy to the travel trade for introducing and operating in-depth green tourism products, thus bringing more choices for tourists. The Government will also provide an additional funding of \$2 million to the HKTb for further enhancing the promotion of “Great Outdoors Hong Kong”. The funding will be deployed for producing hiking guidebooks and overseas promotion.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)214****(Question Serial No. 1080)**

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Please inform this Committee of the use of the Mega Events Fund (MEF) in funding various events in the past 5 years and the effectiveness achieved. Since the MEF will expire at the end of March 2017, the Government has indicated that it would adopt a new strategy to promote mega events and activities. Please provide information on the budget, details and merits of the new strategy.

Asked by: Hon YIU Si-wing (Member Question No. 31)

Reply:

The details of the events supported by the Mega Events Fund (MEF) in the past 5 years are as follows:

Project title	Date of event	Funding ceiling^{Note 1} (\$ million)	Number of participants (Number of participating visitors)
Hong Kong Dragon Boat Carnival 2012	2-8 July 2012	6.5	435 593 (150 969)
UBS Hong Kong Open Championship 2012	15-18 November 2012	15	40 341 (10 947)
Dragon and Lion Dance Extravaganza 2013	1 January 2013	1.4	70 000 (19 730)
Hong Kong Well-wishing Festival 2013	10-23 February 2013	2.5	265 032 (29 357)
Hong Kong Dragon Boat Carnival 2013	21-23 June 2013	5.3	233 844 (65 724)
Manchester United Asia Tour 2013 (Hong Kong Leg)	29 July 2013	8	39 728 (8 192)

Project title	Date of event	Funding ceiling^{Note 1} (\$ million)	Number of participants (Number of participating visitors)
Dragon and Lion Dance Extravaganza 2014	1 January 2014	1.5	65 000 (33 457)
Hong Kong Dragon Boat Carnival 2014	6-8 June 2014	5.5	166 304 (41 524)
2015 Hong Kong Dragon Boat Carnival	3-5 July 2015	5.5	167 068 (43 182)
Prudential Hong Kong Tennis Open 2015	10-18 October 2015	7	34 297 (1 439)
UBS Hong Kong Open	22-25 October 2015	15	38 437 (9 840) ^{Note 2}
2016 Hong Kong Dragon Boat Carnival	10-12 June 2016	6	164 790 (40 910) ^{Note 2}
Prudential Hong Kong Tennis Open 2016	8-16 October 2016	9	35 730 (1 600) ^{Note 2}
UBS Hong Kong Open	8-11 December 2016	15	38 377 (9 784) ^{Note 2}

Note 1 : The basic funding principle of the MEF is that the total Government contribution (including the MEF funding) must not exceed 50% of the total cost of the event.

Note 2 : Expected numbers. The actual numbers cannot be confirmed until the MEF Assessment Committee has completed assessment of the evaluation reports as submitted by the event organisers.

These MEF-supported events have added colour and vibrancy to Hong Kong's city life and boosted Hong Kong's status as an events capital of Asia. They can attract more visitors to Hong Kong specifically for the events or increase their length of stay. With the MEF funding, the organisers can expand the scale of the events, enhance their publicity work outside Hong Kong and raise the events' international profile. The Hong Kong Tourism Board (HKTb) and the Information Services Department have also leveraged on the opportunities to include these events into their promotional plan and use these events to highlight Hong Kong's position as the events capital of Asia. Through co-operation with trade partners, the HKTb has also developed special tourist packages to attract more visitors to Hong Kong for these events.

We adjust our tourism development strategy from time to time to cater for the changing preference of our visitors and meet the challenges of the regional competition posed by other tourist destinations. The MEF has operated for 8 years and will expire by the end of March 2017. Upon review, the Government considers that the MEF has achieved its objectives of assisting Hong Kong to become an events capital of Asia and identifying events with good branding impact. The MEF has supported a total of 30 events, including new international mega events with good branding impact and existing events with their scale enhanced through the support of MEF. Some of the MEF-supported events have become self-sustainable and continue staging without seeking for our funding support subsequently. However, amongst the 30 MEF-supported events, 22 are repeated events (involving 6 events). We note that high-yield overnight visitors pursue tourism product

diversification. Apart from mega events, they are also interested in participating in tourism activities showcasing the cultural characteristics of the travel destination. Hence, it is essential for the Government to adjust our strategy to maintain Hong Kong's attractiveness and competitiveness.

In 2017-18, the Government will allocate \$93.3 million to adopt a new strategy to support the staging of events and activities. The strategy includes the following four major areas:

- (1) providing “one-stop” support to large-scale commercial events with significant tourism merits: the Tourism Commission (TC) will enhance the communication and cooperation among the organisers and the Government bureaux/departments (B/Ds); as well as facilitate the collaboration between the organisers and the tourism trade. The HKTb will also assist in the overseas promotion of these events;
- (2) cultivating home-grown events to enhance their status: the Government will allocate resources to the HKTb to enhance some home-grown events with a view to marketing them as signature events in Asia;
- (3) supporting international events with significant branding impact on Hong Kong: to develop and facilitate the events concerned to take root in Hong Kong. Through allocating funding to the HKTb, the Government will continue to support these popular events; and
- (4) introducing a pilot scheme to support tourism activities showcasing Hong Kong's local characteristics: to help diversify the events in our city, it is necessary to nurture more local cultural, sports and entertainment activities which contain local characteristics and have tourism appeals. These activities should have potential to become signature events in Asia for visitors to experience our rich and diverse tourism offerings as the events capital of Asia. In the light of the above, we will allocate funding to the HKTb to implement the pilot scheme and work out the details.

We expect that through the new strategy, events and activities of different scales and types could receive Government support according to their needs, so that Hong Kong will have a wide range of events and activities with local characteristics throughout the year to attract more visitors to Hong Kong.

TC could facilitate the communication and cooperation among the organisers of large-scale international events with significant tourism merits, the Government B/Ds, the HKTb and the tourism trade. As the organisers do not require financial support from the Government, they could respond to the market needs more swiftly and flexibly when compared with the MEF mechanism.

The HKTb can also provide support to those international events with significant branding impact on Hong Kong, in particular the promotion and marketing of the events to overseas source markets. These international mega events can attract high-spending visitors to Hong Kong annually and with worldwide broadcast and media coverage, thus creating positive branding impact and raising Hong Kong's international profile.

Moreover, the HKTB will introduce a pilot scheme to provide funding support to those tourism activities showcasing Hong Kong's local characteristics. These activities can exhibit local cultural characteristics, and attract high-yield visitors through collaboration with the tourism trade. Through the pilot scheme, the HKTB could assist to promote and publicize these activities and nurture those with potential to become signature events in Asia.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)215

(Question Serial No. 1081)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Please advise the measures to be taken by the Government to effectively curb the activities of illegal tour groups, illegal tour escorts and illegal tour guides, and the estimated expenditure involved prior to the establishment of the Travel Industry Authority.

Asked by: Hon YIU Si-wing (Member Question No. 33)

Reply:

Carrying on unlicensed travel agent business is in breach of the Travel Agents Ordinance (Cap. 218). Any person who carries on business as a travel agent in Hong Kong without a licence commits an offence and is liable on conviction upon indictment to a fine of \$100,000 and imprisonment for two years. The Travel Agents Registry will assess every suspected case of unlicensed travel agent business, and will refer those reasonably suspected cases to the Police for criminal investigation. If the Police considers that there is sufficient evidence after the investigation, they will take prosecution action against the persons concerned.

In addition, the Travel Industry Council of Hong Kong (TIC) requires by directives that all tour escorts/tourist guides assigned by travel agents to lead outbound tours/receive visitors to Hong Kong must have a valid Tour Escort Pass (TEP)/Tourist Guide Pass (TGP) issued by the TIC. Travel agents which assign tour escorts/tourist guides whose TEPs/TGPs have expired or were suspended, or tour escorts/tourist guides who do not have TEPs/TGPs, to lead outbound tours/receive visitors to Hong Kong will be penalised under the disciplinary mechanism of the TIC, such as imposition of fine. On the other hand, any person who has worked as a tour escort/tourist guide without a TEP/TGP or a valid TEP/TGP may affect his/her future application for TEP/TGP or renewal application. Furthermore, any person

who is suspected to use a false instrument when applying for a TEP/TGP may be subject to criminal prosecution.

In formulating the Travel Industry Bill, the Administration has stressed to the trade that before the full commencement of the new regulatory regime, travel agents, tour escorts and tourist guides must continue to comply with the Travel Agents Ordinance (Cap. 218) and the regulatory requirements of the TIC. Before the implementation of the new regulatory regime, the Administration will continue to fully support the TIC to undertake its regulatory work. During this period, if a travel agent's non-compliance with the TIC's regulatory requirements is serious in nature that its membership is terminated by the TIC, its licence will also be revoked by the Registrar of Travel Agents in accordance with the existing Travel Agents Ordinance (Cap. 218). When in future travel trade members apply to the Travel Industry Authority for licences or renewal of licences, the Authority will also consider their compliance records under the TIC's regulatory regime in order to determine whether they are suitable to hold licences.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)216

(Question Serial No. 1083)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

A provision of \$5 million is earmarked in the Estimates for the implementation of the funding scheme by the Travel Industry Council of Hong Kong on training for enhancing the service quality of tourism industry members. What are the specific details of the training to be provided?

Asked by: Hon YIU Si-wing (Member Question No. 34)

Reply:

The Government will allocate a provision of \$5 million in 2017-18 to subsidise, through the Travel Industry Council of Hong Kong (TIC), the training of tourism industry members (including staff of travel agents, tourist guides and tour escorts) for enhancing the service quality of the industry. As the agent for implementing the scheme, the TIC will formulate the details and scope of the scheme having regard to the needs of the industry development. We will start the preparatory work with the TIC, including drawing up the details of the funding and application.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)217****(Question Serial No. 1084)**

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (5) Subvention: Consumer Council

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

(1) Please provide the number of complaints against travel websites received by the Consumer Council over the past 3 years.

Year	Number of Complaints
2014	
2015	
2016	

(2) What are the top ten travel websites (both domestic and foreign) in terms of the number of complaints received over the past 3 years? What are the respective numbers of complaints against them, and did they hold Travel Agents Licence?

Top Ten	Number of Complaints	Licence Holder or Not

Asked by: Hon YIU Si-wing (Member Question No. 29)

Reply:

1. The number of complaints received by the Consumer Council (the Council) in the past three years against online travel services is set out as follows –

Year	Number of complaints
2014	975
2015	1446
2016	938

2. Generally speaking, the Council does not publish complaint figures of individual traders, and will only disclose names of traders under exceptional circumstances where consumers at large need to be alerted, such as in a naming and reprimand exercise or when a trader ceases operation.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)218

(Question Serial No. 1085)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Food Truck Pilot Scheme, which is a tourism initiative, was officially launched in early February 2017. What measures are in place to strengthen collaboration between the tourism sector and food truck vendors in further promoting local gourmet food among tourists?

Asked by: Hon YIU Si-wing (Member Question No. 32)

Reply:

The Food Truck Pilot Scheme (the Scheme) aims to add fun and vibrancy to tourist attractions in Hong Kong by providing diverse, creative and high quality food options to tourists and the locals while at the same time showcasing good hygiene and food safety.

As the Scheme is a tourism project, the Tourism Commission (TC) would like to encourage more collaboration between travel agencies and food truck operators to attract tourists. We therefore establish platform for them to get to know each other's' products or services and explore if they would like to establish commercial cooperation amongst themselves. It will be up to individual operators or travel agents who are interested to decide on the scale and details of the business cooperation to be pursued.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)219

(Question Serial No. 1086)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (7) Subvention : Hong Kong Tourism Board

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

How will the Government promote participation of the tourism industry in the various marketing and public relations initiatives for celebration of 20th Anniversary of the Establishment of the Hong Kong Special Administrative Region? Is there any estimated apportionment of costs?

Asked by: Hon YIU Si-wing (Member Question No. 35)

Reply:

To commemorate the 20th anniversary of the establishment of the Hong Kong Special Administrative Region (HKSAR), the Government has allocated an additional funding of \$70 million to the Hong Kong Tourism Board (HKTb) for organising a series of celebratory events in 2017, including stepping up overseas promotion and debuting a brand-new carnival in summer (temporarily entitled as "Hong Kong Summer Party"). The HKTb also plans to introduce new elements to various mega events, such as setting up 20th anniversary cups for the Hong Kong Dragon Boat Carnival and the Hong Kong Cyclothon as well as incorporating celebratory programmes into the Hong Kong Wine & Dine Festival and the Hong Kong November Feast.

In addition, the Tourism Commission and the HKTb work together to invite local attractions and the tourism trade to provide special offers for visitors in celebrating the 20th anniversary of the establishment of the HKSAR, so as to create a celebratory ambience and to make visitors feel that visiting Hong Kong during the celebration period would be value-for-money. Up to now, about 20 local attractions, airlines and transport service companies have confirmed their participation. The HKTb will consolidate the offers from all participating members of the trade into a booklet, which will be distributed via local trade partners, hotels and the HKTb's visitor information services centres. Besides, the

HKTB is promoting the offers through digital and social media platforms, public relations initiatives, as well as trade and consumer events.

The HKTB is also proactively encouraging the travel and related trade to leverage on the opportunities brought about by such mega events and marketing platforms, and roll out special programmes, products and offers to attract visitors and open up more business opportunities.

As the promotion work involves a number of aspects, it is therefore difficult to quantify the expenditure separately.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)220****(Question Serial No. 1088)**

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (7) Subvention : Hong Kong Tourism Board

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Regarding the Hong Kong Tourism Board's effort to reach consumers through different digital platforms (including the DiscoverHongKong.com website, YouTube and social media sites, and mobile applications), please provide specific figures to illustrate the expenditures incurred and its effectiveness in the past 3 years.

Asked by: Hon YIU Si-wing (Member Question No. 36)

Reply:

The Hong Kong Tourism Board (HKTb) has been promoting Hong Kong's diverse travel experiences through different digital platforms, such as the Internet, mobile applications and social media. In recent years, the promotion has been elevated to enhance the content on digital platforms and collaborate with prominent social and digital media to promote Hong Kong's unique characteristics to more consumers leveraging their extensive reach and influence.

The following table shows the total expenditure of digital promotion by the HKTb's head office and worldwide offices in the past three years.

2014-15	2015-16	2016-17
about \$52.7 million	about \$70.8 million	about \$128 million (including the additional funding provided in 2016/17 Budget)

Digital promotion has become a key communication tool used by the HKTB's head office and worldwide offices, and it has been included in different aspects of promotion work. Therefore, it is difficult to quantify the expenditure on each programme separately.

The following table shows the statistics of some of the HKTB's major digital platforms in recent years for reference.

	2014	2015	2016
Page views of DiscoverHongKong.com	68.4 million (Full Year)	89.6 million (Full Year)	100.66 million (Full Year)
Page views of new brand campaign mini-site (From late October 2016 (launch date) to late February 2017)	-	-	Over 35 million
Views of new brand campaign videos on the Internet (From late October 2016 (launch date) to late February 2017)	-	-	Over 270 million
Views of video leveraging the new brand campaign to promote shopping in the Mainland	-	-	307 million
Fans on social media (accumulated figure at year end) [Facebook, Twitter, Instagram, Weibo, WeChat]	3.3 million	4.87 million	6.9 million
No. of mobile applications and downloads	9 No. of full-year downloads: 370 000	9 No. of full-year downloads: 300 000	2 No. of full-year downloads: 270 000 (7 mobile applications were removed in 2016)

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)221

(Question Serial No. 1090)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (7) Subvention : Hong Kong Tourism Board

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Please advise this Committee of the respective expenditures committed by the Hong Kong Tourism Board to overseas, Mainland and local television networks and the effectiveness achieved.

Asked by: Hon YIU Si-wing (Member Question No. 37)

Reply:

The Hong Kong Tourism Board (HKTb) has been placing its advertisement through various channels including digital platforms, TV networks and print media. In 2016-17, the HKTb's expenditure on TV networks was approximately \$23.36 million. All of which was invested in overseas markets to promote the new brand campaign "Best of all, it's in Hong Kong".

The videos of "Best of all, it's in Hong Kong" campaign were launched in late October 2016 and broadcast on different platforms, including 48 TV channels and stations. About half of the resources were invested in regional TV stations, such as CNN, BBC, National Geographic Channel, FOX, Discovery Channel, CNBC, etc., and the remaining half was invested in major TV stations of various short-haul markets. As of February 2017, the videos have been broadcast over 10 000 times in all of the TV channels.

In 2017-18, the HKTb's expenditure on TV advertisement is estimated to be approximately \$13 million, for continued promotion of the new brand campaign "Best of all, it's in Hong Kong". The message about the 20th anniversary of the establishment of the Hong Kong Special Administrative Region will be included in the advertisements.

In general, for the Mainland market, the HKTB mainly utilises digital media for advertising. For local market, the promotional videos are mainly broadcast on the Government's public service broadcasting channels.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)222

(Question Serial No. 1091)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (7) Subvention : Hong Kong Tourism Board

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Please advise of the expenditure on and specific outcomes in promoting the development of medium-sized Meetings, Incentive Travels, Conventions and Exhibitions groups in the past year.

Asked by: Hon YIU Si-wing (Member Question No. 38)

Reply:

To attract more small to medium-sized Meetings and Incentive Travels (M&Is) and conventions to be held in Hong Kong, the Government allocated an additional \$5 million to the Hong Kong Tourism Board (HKTb) in 2016-17 to provide financial support to local travel agents in developing their business by enhancing their ability to provide more attractive offers to the organisers of these small to medium-sized M&Is and conventions. The relevant scheme was launched in August 2016. As at end of February 2017, the HKTb received 150 applications which is expected to draw over 15 000 visitors. The Government will likewise allocate an additional funding of \$5 million to the HKTb in 2017-18 for the continuation of the scheme.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)223

(Question Serial No. 1093)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (7) Subvention : Hong Kong Tourism Board

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is stated in the Estimates that pilot schemes will be launched to support the organisation of tourism events with local characteristics and green tourism. Please inform this Committee of the details of the schemes and the estimated expenditure.

Asked by: Hon YIU Si-wing (Member Question No. 39)

Reply:

In 2017-18, the Government will provide an additional funding of \$12 million and \$5 million for the Hong Kong Tourism Board (HKTb) to launch pilot schemes to support tourism activities showcasing Hong Kong's local characteristics and to promote in-depth green tourism respectively.

The pilot scheme to support tourism activities showcasing Hong Kong's local characteristics aims to provide funding support, including promotion-related expenses, to organisers for hosting activities with tourism appeal to showcase Hong Kong's local characteristics. As for the pilot scheme for promoting in-depth green tourism, the Government will provide subsidy to the travel trade for introducing and operating in-depth green tourism products, thus bringing more choices for tourists.

The Tourism Commission, in collaboration with the HKTb, will work out the funding criteria and guidelines for the two pilot schemes and will announce the details in due course.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)224

(Question Serial No. 1095)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (7) Subvention : Hong Kong Tourism Board

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is stated in the Estimates that a pilot scheme will be launched to incentivise visitors to extend their stay in Hong Kong in order to drive more high spending transient and overnight visitors. Please inform this Committee of the details of the scheme and the estimated expenditure.

Asked by: Hon YIU Si-wing (Member Question No. 39)

Reply:

In view of the large number of transit or transfer passengers passing through the Hong Kong International Airport each year, the Government has earmarked \$12 million in the 2017-18 Budget for the Hong Kong Tourism Board (HKTb) to launch the Hong Kong Stopover Programme. It aims at drawing more visitors to and increasing their spending in Hong Kong by rolling out attractive offers for transient and overnight visitors in collaboration with local airlines, attractions, hotels and other travel trade partners.

The HKTb's initial plan is to provide stopover visitors with tickets to the urban area and various attractions as well as special sightseeing offers in collaboration with the travel trade, in order to encourage stopover visitors to explore the city and enrich their travel experience, or even extend their stay and stimulate their spending.

The Government and the HKTb will work out the details with the travel trade and announce the concrete plan in due course.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)225

(Question Serial No. 1098)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (7) Subvention : Hong Kong Tourism Board

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Please inform this Committee of the application situation and effectiveness of the “Matching Fund for Overseas Tourism Promotion by Tourist Attractions”.

Asked by: Hon YIU Si-wing (Member Question No. 41)

Reply:

In September 2015, the Government allocated an additional funding of \$10 million for setting up the Matching Fund for Overseas Tourism Promotion by Tourist Attractions (MFTA), providing local attractions with dollar-for-dollar subsidies to enhance their overseas promotions. The Hong Kong Tourism Board (HKTB) has been tasked to handle the applications and the funding allocation.

In the 2016-17 Budget, the Government allocated an additional fund of \$10 million to continue with the MFTA. Up till now, three phases of MFTA have been implemented. Number of successful applicants and related funding amount are listed below:

	Phase 1 (November 2015 – end of March 2016)	Phase 2 (end of June – end of December 2016)	Phase 3 (January – March 2017)
Number of successful applicants	10	8	6
Markets covered	12 (including the Mainland, Taiwan, South Korea, Japan, Southeast Asia, India, the US and Australia)	10 (including the Mainland, Taiwan, South Korea, Japan, Southeast Asia and India)	11 (including the Mainland, Taiwan, South Korea, Japan, Southeast Asia, India and Australia)
Number of approved promotions	62	95	66
Amount granted	Around \$8 million	Around \$7 million	Around \$3.3 million

All applications for the MFTA were assessed by an assessment committee with members who are experienced in the tourism and related sectors. The assessment criteria include the effectiveness of the promotion proposals in enhancing the exposure for the tourist attractions and showcasing Hong Kong's diverse offerings as a tourist destination; the soundness of the proposals in reaching out to consumers in the source markets and raising their interest in coming to Hong Kong; and the specific publicity contents of the programmes, etc. These criteria aim to ensure the effectiveness of the approved promotions. Besides, as the MFTA is operated as dollar-for-dollar subsidies, the attractions are required to invest the same resources for promotion. Each attraction is obliged to submit documents in relation to the promotion activities such as receipts, promotion materials or overseas media coverage, etc. for HKTb's evaluation in order to ensure the funding is well spent.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)226

(Question Serial No. 1113)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The food truck is a business mode newly introduced to Hong Kong. Since its official launch in early February, problems encountered by the vendors have surfaced gradually, including mainly low pedestrian flow at some designated locations, inadequate supporting facilities and leaflet distribution being not allowed. How will the Government help operators solve the problems? When will the pilot scheme be reviewed and enhanced?

Asked by: Hon YIU Si-wing (Member Question No. 50)

Reply:

The Food Truck Pilot Scheme (the Scheme) is positioned as a tourism project. Under the framework of the Scheme, food trucks shall operate at the designated attractions. In fact, there are many restaurants in Hong Kong and their burdens of rental fees are not light. In identifying the location of food truck pitch, the Tourism Commission (TC) has taken into consideration the need of avoiding direct competition with the existing restaurants. Furthermore, the streets in Hong Kong are generally narrow and the truck occupies a sizeable area on the road. It will cause obstruction if food trucks are allowed to be stationed anywhere. TC has also taken into account various factors including the availability of venue management for the locations, enough room for accommodating food trucks and queuing up by customers, adequate patronage, accessibility, etc. and struck a balance of all considerations in identifying the eight operating locations.

The framework of the Scheme has provided sufficient flexibility for the operation of food trucks. Food trucks are allowed to adjust their operating hours according to their need after negotiation with venue management. Food truck operators can also devise other food dishes besides the mandatory signature dish (the dish presented at the Cook-off Challenge) at different operating locations. Food truck operators are also allowed to formulate their

own promotional strategies without restrictions. Notwithstanding this, operators have to comply with the licensing requirements of Food Factory Licence (FFL) issued under the Food Business Regulation (Cap 132X) and ensure their fulfillment of the high standard of food safety and environmental hygiene in Hong Kong. Food truck operation follows commercial principles. Similar to the practice of paying rental fee for running a typical restaurant, food truck operators also have to pay service charge. At present, operators are only required to pay a service charge ranging between \$302 - \$723 per day which already includes parking fee, electricity and cleansing services, etc. Some operators have expressed satisfaction to TC on the current supporting services and arrangement of the Scheme.

According to TC's observation on the operation of food trucks, business may be different for different operators operating at the same location, which hinges very much on the business strategies of the operator and the attractiveness of the food sold. For instance, the daily average number of customers for different food trucks at Central Harbourfront Event Space and Ocean Park can vary to a large extent and the figure of one truck can be even more than one to two times than that of the others. TC understands that there was operator earning more than HK\$13,000 average revenue per day in the first month and operator earning more than HK\$30,000 of average daily revenue in the second trading period, which is comparable to that of the typical restaurants.

In fact, food truck is a business venture similar to running a typical restaurant. While the operating location and its pedestrian flow will definitely affect the sales revenue, whether the food truck operators could make profit depends on whether the operators have implemented proactive operating strategies, such as cost control, labour deployment, whether prices of the food are reasonable and appealing to customers, whether social media platforms or other channels are utilized for promotion, etc. The Government will continue to keep in view the situation of particular operating locations and conduct review from time to time, and maintain flexibility for enhancement, such as considering other operating locations if they meet the positioning and requirements of the Scheme.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)227

(Question Serial No. 3276)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (7) Subvention : Hong Kong Tourism Board

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

- (1) Which cycle tracks in the various districts across the territory are highlighted for promotion to the tourists?
- (2) What is the estimated expenditure for promoting cycling tourism?

Asked by: Hon YIU Si-wing (Member Question No. 17)

Reply:

- (1) The Tourism Commission (TC), in collaboration with the Agriculture, Fisheries and Conservation Department, the Hong Kong Tourism Board (HKTb), the travel trade and event organisers, has been actively promoting Hong Kong's nature-based green tourism products and natural scenery through the HKTb's "Great Outdoors Hong Kong" platform. The cycling tracks that are highlighted for promotion to the tourists include Sha Tin to Tai Mei Tuk as well as in Nam Sang Wai.
- (2) The HKTb's total marketing budget in 2017-18 is estimated to be \$398.11 million (not including the additional funding as stated in the Budget), which has covered part of the expenditure for promoting green scenery and cycling tracks. In 2017-18, the Government will also provide an additional funding of \$2 million to the HKTb for further enhancing the promotion of "Great Outdoors Hong Kong". The funding will be deployed for producing hiking and cycling guidebooks as well as overseas promotion.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)228

(Question Serial No. 4131)

Head: (96) Government Secretariat: Overseas Economic and Trade Offices

Subhead (No. & title): (-) -

Programme: (2) Public Relations

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Under this Programme, the Government said that the provision for 2017-18 is \$22.9 million (17.0%) higher than the revised estimate for 2016-17. This is mainly due to the increased provision for setting up the new Economic and Trade Office in Seoul, increased salary provisions for filling vacancies and staff changes, and also the increased operating expenses for promotional activities for the Celebration of the 20th Anniversary of the Establishment of the Hong Kong Special Administrative Region. Would the Government inform this Committee of the operating expenses for the promotional activities for the Celebration of the 20th Anniversary of the Establishment of the Hong Kong Special Administrative Region under this Programme in 2017-18?

Asked by: Hon CHAN Chi-chuen (Member Question No. 65)

Reply:

The 12 overseas Hong Kong Economic and Trade Offices (ETOs) are carrying out preparatory work for over 100 promotional activities in more than 50 cities outside Hong Kong to celebrate the 20th Anniversary of the Establishment of the Hong Kong Special Administrative Region. The celebration work provides an opportunity for the ETOs to enhance promotion efforts in the overseas countries to promote the local culture, art, creative industries of and development opportunities in Hong Kong. The promotional activities include conferences, gala dinners, cultural performances, exhibitions, youth programmes, film festivals, sport events and other festive events etc. We have earmarked \$75 million to cover the overall expenditure of the 12 ETOs for organising related activities.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)229

(Question Serial No. 4158)

Head: (96) Government Secretariat: Overseas Economic and Trade Offices

Subhead (No. & title): (000) Operational expenses

Programme: (-) -

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is stated in the Budget Speech that the Government is actively preparing for the setting up of an Economic and Trade Office (ETO) in Korea, and commencing preliminary work to establish ETOs in India, Mexico, Russia, South Africa and the United Arab Emirates so as to enhance our trade and cultural exchanges with other economies. In this connection, will the Government advise this Committee of the following -

- (1) please tabulate the respective operational expenses, the number of staff, as well as their salaries, allowances and job nature of each overseas ETO in the past year; and the respective estimated expenditures, the type and number of staff, as well as their salaries, allowances and their types and job nature of each overseas ETO in the coming year;
- (2) the estimated expenditure for preparing for the setting up of a ETO in Korea and its staff establishment, including the type of posts, the number of staff, as well as their salaries, allowances and job nature; and
- (3) the estimated expenditure for preparing for the setting up ETOs in India, Mexico, Russia, South Africa and the United Arab Emirates and their staff establishment, including the type of posts, the number of staff, as well as their salaries, allowances and job nature?

Asked by: Hon CHAN Chi-chuen (Member Question No. 117)

Reply:

- (1) The distribution of 2016-17 revised estimate and 2017-18 estimate for the 12 overseas ETOs under Subhead 000 Operational expenses are tabulated below –

	ETOs												
	Brussels	Geneva	Berlin	London	New York	San Francisco	Washington	Jakarta	Singapore	Sydney	Tokyo	Toronto	Total
2016-17 revised estimate Operational Expenses ⁽¹⁾ (\$ million)	37.2	40.4	28.3	33.9	33.5	28.4	36.3	19.7	23.2	23.5	34.9	17.1	356.4
2017-18 estimate Operational Expenses ⁽¹⁾ (\$ million)	45.6	40.6	32.1	38.4	34.3	29.1	41.7	22.4	26.5	26.7	42.1	20.4	399.9

Note (1): Operational Expenses include expenditures on personal emoluments, personnel related expenses, departmental expenses and other charges.

The distribution of 2016-17 revised estimate and 2017-18 estimate for the 12 overseas ETOs in respect of personal emoluments under Subhead 000 Operational expenses are tabulated below -

	ETOs												
	Brussels	Geneva	Berlin	London	New York	San Francisco	Washington	Jakarta	Singapore	Sydney	Tokyo	Toronto	Total
2016-17 revised estimate Personal Emoluments ⁽²⁾ (\$ million)	19.1	21.8	5.8	13.9	12.6	15.3	18.3	9.4	10.9	9.9	12.9	7.7	157.6
2017-18 estimate Personal Emoluments ⁽²⁾ (\$ million)	22.0	24.3	6.7	14.8	14.3	16.8	20.9	10.2	10.0	11.3	15.2	8.9	175.4

Note (2): Total expenditure on personal emoluments includes salaries, allowances and job-related allowances (where appropriate).

At present, the 12 existing overseas Economic and Trade Offices (ETOs) have a total establishment of 164, including 50 Hong Kong-based staff and 114 locally-engaged staff responsible for commercial relations, public relations, investment promotion and general administrative work. It is expected that the total establishment will be reduced to 163 in 2017-18 due to the deletion of one time-limited post.

- (2) We are actively preparing for the setting up of Seoul ETO with an estimated establishment of 13 staff, including 4 Hong Kong-based staff and 9 locally-engaged staff. Their job nature will be similar to those of existing ETOs. For preparation of the estimate, we have reserved \$24.25 million in the 2017-18 estimate as the ETO's estimated annual expenditure, including personal emoluments and operational expenditure, etc.
- (3) We have commenced preliminary work for setting up ETOs in India, Mexico, Russia, South Africa and the United Arab Emirates. Depending on the progress of our discussions with respective host governments on the detailed arrangements for setting up the ETOs, we will work out the establishment and estimated expenditure for each of the five ETOs by making reference to the establishment and actual expenditure of existing ETOs, and with due consideration to the scope of work, country coverage and operational needs of the new ETOs.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)230

(Question Serial No. 6096)

Head: (96) Government Secretariat: Overseas Economic and Trade Offices

Subhead (No. & title): (-) -

Programme: (-) -

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Financial Secretary has stated in his Budget Speech this year that he plans to increase resources for nurturing talent, including subsidising Mainland exchange and internship programmes. Many tertiary students have expressed their wish to have global exchange and internship opportunities. Why does the Budget Speech limit the destinations of these funded student exchange programmes to the Mainland and ASEAN countries? What are purposes of this arrangement? Why are other economies excluded?

Asked by: Hon CHEUNG Chiu-hung, Fernando (Member Question No. 1182)

Reply:

In order to broaden the horizon of young people in Hong Kong, a number of overseas Economic and Trade Offices (ETOs) have been arranging internship programmes for higher education students of Hong Kong. The internship programmes aim to provide opportunities for the students to take up internship in overseas countries, thus enabling them to learn the working culture of different countries.

The Singapore ETO has in 2014 launched the “ASEAN Internship Scheme for Hong Kong Higher Education Students” (previously called “ASEAN Internship for University Students of Hong Kong Scheme”), which has so far provided internship opportunities in ASEAN countries for about 440 higher education students of Hong Kong. Through this scheme, students can gain first-hand knowledge about the economic and socio-cultural environments of the ASEAN countries. The students have taken up internship in around 90 participating organisations in 8 ASEAN countries (including Brunei, Cambodia, Indonesia, Malaysia, Myanmar, Singapore, Thailand and Vietnam). Participating organisations include Government organisations, private companies, international organisations, academic institutions, think tanks, arts and cultural organisations, etc.

Many overseas countries have certain requirements and restrictions on foreign students taking up internship in their countries. It involves complicated procedures and legal issues when launching overseas internship scheme for Hong Kong higher education students. That said, the other overseas ETOs also actively explore the feasibility of launching similar schemes in the countries under their coverage, taking into account relevant requirements and restrictions on foreign students taking up local internship in the respective countries, as well as the related procedures and legal issues. For example, modelling on the modus operandi of the internship scheme by Singapore ETO, the 3 ETOs in the US (viz. Washington, New York and San Francisco ETOs) and the 3 ETOs in Europe (viz. Brussels, London and Berlin ETOs) have also started to launch similar pilot internship programmes in 2016. Around 30 higher education students of Hong Kong participated in the programmes.

From 2014 to 2016, the overseas ETOs have so far provided internship opportunities for around 520 higher education students of Hong Kong. The ETOs will continue to sustain their efforts in promoting the overseas internship programmes with a view to arranging more internship opportunities for Hong Kong students.

To broaden the exposure of Hong Kong's youth and enhance their understanding of the Mainland, and to enable them to develop a deeper understanding of the workplace environment and employment market in the Mainland, the Home Affairs Bureau (HAB) and the Commission on Youth (CoY) jointly organise the Funding Scheme for Youth Exchange in the Mainland and the Funding Scheme for Youth Internship in the Mainland to sponsor community organisations to organise youth exchange and youth internship programmes to the Mainland respectively. Apart from Mainland exchange and internship, HAB and CoY also co-organise the International Youth Exchange Programme (IYEP) and the Summer Exchange Programme (SEP) for Hong Kong youth to broaden their horizons and international perspective through exchange of ideas and experiences with young people in overseas countries.

Moreover, HAB and the Committee on the Promotion of Civic Education launched the Funding Scheme for Exchange in Belt and Road Countries last year to sponsor local young people to participate in exchange activities in Belt and Road countries so as to foster "people-to-people bond". As the response is encouraging, we will continue this funding scheme this year.

In the 2017-18 Budget, the Financial Secretary proposes to allocate an additional non-recurrent provision of \$100 million to expand the IYEP so that more young people may take part in overseas exchange to increase their global exposure and broaden their horizons. With the additional allocation, HAB plans to launch a new funding scheme to encourage and sponsor community organisations to organise overseas youth exchange programmes. HAB is working on the proposed guidelines and arrangements for the new funding scheme and aims to launch the new funding scheme within 2017-18.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)231****(Question Serial No. 1870)**

Head: (96) Government Secretariat: Overseas Economic and Trade Offices

Subhead (No. & title): (-) -

Programme: (1) Commercial Relations

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It was stated in the 2016-17 estimate that the Government would set up a total of 2 new Economic and Trade Offices (ETOs) in Jakarta and Seoul to strengthen Hong Kong's representation to capitalise on the new business and trade opportunities in the Asian region. Please inform this Committee of the progress, the effectiveness and the expenditure of the relevant work. In the estimate of the coming year, it is stated that the Government plans to set up a new ETO in Seoul to strengthen Hong Kong's representation in Korea to capitalise on the new business and trade opportunities in the Asian region. Has the plan been delayed? What are the reasons? What are the expected expenditure, specific work plan and anticipated effectiveness of the ETO in Seoul? At the same time, what were the progress and effectiveness of the efforts in promoting Hong Kong's trade and commercial interests in the past year? What are the specific plans for 2017-18? What is the expenditure involved?

Asked by: Hon CHUNG Kwok-pan (Member Question No. 42)

Reply:

The temporary office of the Economic and Trade Office (ETO) in Jakarta commenced operation in June 2016, and its Director assumed duty in September. The ETO mainly represents the HKSARG in matters between Hong Kong and ASEAN as a whole, and handle bilateral matters between Hong Kong and four ASEAN countries, namely Indonesia, Malaysia, Brunei and the Philippines. Besides, the ETO will liaise with the ASEAN Secretariat in Jakarta, monitor closely developments in ASEAN that may affect Hong Kong's interests, and render support to the follow-up work after signing of the ASEAN-Hong Kong Free Trade Agreement. In addition to the preparation of the long-term office and continued recruitment of local staff, the ETO has been actively building up network in the region, including reaching out to key government officials, business associations and communities, Hong Kong communities, media, academia,

think-tanks, etc., in the region, introduce the Jakarta ETO to different entities and promote Hong Kong so as to strengthen economic ties and network with ASEAN countries. The annual estimated provision for the ETO is \$19.39 million, including personal emoluments and operational expenses, etc.

Hong Kong and Korea have always been enjoying close trade and economic relations. To strengthen liaison and exchanges between the two places, we are actively preparing for the setting up of Seoul ETO. As setting up of a new ETO involves various arrangements, we have to conduct detailed discussions with the Korean Government to ensure the effective operation of the ETO. Once we have reached agreement with the Korean Government regarding the detailed arrangements for setting up the Seoul ETO, we will complete relevant internal procedures as soon possible, including seeking approval from the Legislative Council for the creation of posts, finding suitable office accommodation, recruiting local staff, etc., with a view to setting up the ETO as soon as possible. The Seoul ETO will, apart from handling bilateral matters between Hong Kong and Korea, enhance our trade and cultural exchanges with Korea, and promote Hong Kong's creative industries and innovation and technology industries. For preparation of the Estimate, we have reserved \$24.25 million in the 2017-18 Estimate as the ETO's estimated annual expenditure, including personal emoluments and operational expenditure.

Our overseas ETOs (except the Geneva ETO which specialises in World Trade Organization matters) maintain close liaison with local government officials, business chambers, the media, etc, on a regular basis, and collaborate closely with other Hong Kong overseas agencies, such as Invest Hong Kong, Hong Kong Trade Development Council, Hong Kong Tourism Board, etc., in organising and co-organising a range of promotional activities, e.g. business seminars, luncheons, thematic events, etc. They brief the local enterprises on the latest developments of Hong Kong as well as our advantages in various aspects, encourage them to conduct business and invest in Hong Kong, and promote Hong Kong's position as an international financial and business hub. Riding on opportunities arising from the "Belt and Road" Initiative, the ETOs also step up efforts in promoting Hong Kong as the super-connector connecting the Mainland with the rest of the world, encouraging local businessmen to make use of Hong Kong's advantages in exploring business opportunities under the Initiative in order to help the commercial and professional sectors in Hong Kong open up new markets. Since promotion of Hong Kong's trade and business interests is part of the overall commercial relations work of the ETOs, the expenditures involved cannot be accurately and separately itemised.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)232

(Question Serial No. 1872)

Head: (96) Government Secretariat: Overseas Economic and Trade Offices

Subhead (No. & title): (-) -

Programme: (3) Investment Promotion

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is stated under this Programme that in close collaboration with Invest Hong Kong, the overseas Economic and Trade Offices promote the attraction of Hong Kong as an international business centre and provide assistance to ensure that the companies have all the support they need to establish and expand operations in Hong Kong. Please inform this Committee of the effectiveness of the work over the past year. How many companies have been assisted to establish and expand operations in Hong Kong and what is the expenditure involved? What are the major work plans for 2017-18, as well as the estimated expenditure and manpower involved?

Asked by: Hon CHUNG Kwok-pan (Member Question No. 42)

Reply:

The 9 Investment Promotion Units (IPUs) in the overseas Economic and Trade Offices (ETOs) work closely with Invest Hong Kong (InvestHK) in attracting and assisting overseas companies to set up and expand their operation in Hong Kong, and use Hong Kong as a platform to access opportunities in the Mainland and elsewhere in Asia. The investment promotion efforts were effective in enhancing the understanding of companies in those regions about Hong Kong's investment environment and the advantages of investing in Hong Kong. In 2016, the number of projects completed with the support of IPUs was 187, accounting for 48% of InvestHK's total.

The IPUs in the overseas ETOs and InvestHK will continue to conduct a wide range of investment promotion programmes in various overseas markets, including marketing campaigns, seminars and investment promotion visits to promote Hong Kong's business advantages, and to attract and assist more overseas companies to set up or expand their operation in Hong Kong. In 2017-18, the proposed financial provision under

Programme (3) Investment Promotion under Head 96 is \$72.4 million which is mainly for expenses on investment promotion work, salaries, allowances and other general operational expenditure of the ETOs. We are unable to provide separate breakdowns for individual areas.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)233

(Question Serial No. 1884)

Head: (96) Government Secretariat: Overseas Economic and Trade Offices

Subhead (No. & title): (-) -

Programme: (2) Public Relations

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is stated under this Programme that the overseas Economic and Trade Offices (ETOs), including the new ETO to be set up in Seoul, will continue to sustain and step up publicity and public relations efforts in North America, Europe, Australia, New Zealand, Japan, Korea and the Association of Southeast Asian Nations countries. They will also strengthen collaboration with other Hong Kong overseas agencies in developing strategies for city branding and publicity. Please inform this Committee of the effectiveness of the work and the expenditure involved in 2016-17. What are the strategies for city branding and publicity for the new financial year? What is the estimated expenditure? In 2017-18, the ETOs will also organise activities in relation to the 20th Anniversary of the Establishment of the Hong Kong Special Administrative Region. What are the details of the activities? What is the estimated expenditure for these activities?

Asked by: Hon CHUNG Kwok-pan (Member Question No. 44)

Reply:

Our overseas Economic and Trade Offices (ETOs) (except the Geneva ETO) collaborate closely with other Hong Kong overseas agencies, such as Invest Hong Kong, Hong Kong Trade Development Council, Hong Kong Tourism Board, etc., in organising and co-organising a range of promotional activities, e.g. seminars, luncheons, thematic events, etc., to brief the local enterprises on the latest developments of Hong Kong and our advantages in various aspects, encourage them to invest in Hong Kong or partner with Hong Kong companies to explore the Asia-Pacific market, and to highlight Hong Kong's position as an international financial and business hub. Riding on opportunities arising from the "Belt and Road" Initiative, the ETOs also step up efforts in promoting Hong Kong as the super-connector connecting the Mainland with the rest of the world, encouraging local businessmen to make use of Hong Kong's advantages in exploring business opportunities under the Initiative in order to help the commercial and professional sectors in Hong Kong open up new markets. In 2017-18, the ETOs will continue to enhance collaboration with

the other Hong Kong overseas agencies in organising different events to promote the Hong Kong Brand with a view to showcasing the unique advantages of Hong Kong. These activities and promotion efforts will allow people overseas to learn more about our latest developments and the opportunities the city can offer, and help enhance Hong Kong's profile in other key markets. As relevant promotion is part of the overall public relations work of ETOs, the expenditures involved cannot be accurately and separately itemised.

The 12 ETOs are carrying out preparatory work for promotional activities to be held in more than 50 cities outside Hong Kong to celebrate the 20th Anniversary of the Establishment of the Hong Kong Special Administrative Region. The celebration work provides an opportunity for the ETOs to enhance promotion efforts in the overseas countries to promote the local culture, art, creative industries of and development opportunities in Hong Kong. The promotional activities include conferences, gala dinners, cultural performances, exhibitions, youth programmes, film festivals, sport events and other festive events etc. We have earmarked \$75 million to cover the overall expenditure of the 12 ETOs for organising related activities.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)234

(Question Serial No. 2701)

Head: (96) Government Secretariat: Overseas Economic and Trade Offices

Subhead (No. & title): (000) Operational expenses

Programme: (1) Commercial Relations

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Not Specified

Question:

Regarding the plan to establish new Economic and Trade Offices (ETOs), would the Government provide the following information:

It is mentioned in paragraph 114 of the Budget Speech that the Government is actively preparing for the setting up of an ETO in Korea while commencing preliminary work to establish ETOs in India, Mexico, Russia, South Africa and the United Arab Emirates (UAE). What are details of the preparatory work of the Government in the coming year?

Is there a timetable drawn up for the commissioning dates of ETOs? If yes, what are the details? If no, what are the reasons?

What are the factors to consider in selecting the locations for new ETOs?

Asked by: Hon LEUNG Kenneth (Member Question No. 1.10)

Reply:

To strengthen liaison and exchanges between Hong Kong and Korea, we are actively preparing for the setting up of an ETO in Seoul and are conducting detailed discussions with the Korean Government. Besides, we have commenced preliminary work for setting up ETOs in India, Mexico, Russia, South Africa and the UAE. The timing for setting up the new ETOs depends on the progress of our discussions with the respective host governments on the detailed arrangements. We are unable to provide the related timetable at this stage.

At present, we have a total of 12 overseas ETOs. These ETOs are located in major economies and cover most of the top 20 trading partners of Hong Kong. In order to further expand the ETOs' network and strengthen promotion work outside Hong Kong, we plan to set up new ETOs in Korea, India, Mexico, Russia, South Africa and the UAE under the following considerations –

- (1) Korea is Asia's 4th largest trading entity and Hong Kong's 6th largest trading partner.
- (2) India is Asia's 5th largest trading entity, the largest trading entity in Southern Asia and Hong Kong's 7th largest trading partner. It is also a country along the Belt and Road.
- (3) Mexico is the largest trading entity among those in Latin America and Hong Kong's 24th largest trading partner.
- (4) Russia is Europe's 9th largest trading entity, the largest trading entity in Eastern Europe and Hong Kong's 27th largest trading partner. It is also a country along the Belt and Road.
- (5) South Africa is Africa's largest trading entity and Hong Kong's 29th largest trading partner.
- (6) UAE is Asia's 8th largest trading entity and Hong Kong's 14th largest trading partner. UAE together with India and Russia are major economies along the Belt and Road countries.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)235****(Question Serial No. 3272)**

Head: (96) Government Secretariat: Overseas Economic and Trade Offices

Subhead (No. & title): (-) -

Programme: (-) -

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Regarding the operation of each overseas Economic and Trade Office (ETO), please provide the following information:

Office Location	Staffing in 2016/17	Breakdown of Operational Expenses in 2016/17	Staffing in 2017/18	Breakdown of Operational Expenses in 2017/18	Work Carried Out in 2016/17	Work Planned for 2017/18

Asked by: Hon LEUNG Kenneth (Member Question No. 108)

Reply:

At present, there are 12 overseas Economic and Trade Offices (ETOs). Their staff establishment and operational expenses are as follows -

Office Location	2016/17 Establishment	2016-17 Revised Estimate Subhead 000 Operational Expenses ⁽¹⁾ (\$ million)	2017/18 Estimated Establishment	2017-18 Estimate Subhead 000 Operational Expenses ⁽¹⁾ (\$ million)
Brussels	18	37.2	18	45.6
Geneva	15	40.4	15	40.6
Berlin	4	28.3	4	32.1
London	18	33.9	18	38.4
New York	14	33.5	14	34.3
San Francisco	16	28.4	16	29.1
Washington	18	36.3	18	41.7
Jakarta	14	19.7	13 ⁽²⁾	22.4
Singapore	11	23.2	11	26.5
Sydney	11	23.5	11	26.7
Tokyo	14	34.9	14	42.1
Toronto	11	17.1	11	20.4
Total	164⁽³⁾	356.4	163⁽³⁾	399.9⁽⁴⁾

Note:

- (1) Operational expenses include personal emoluments and general operational expenditures, etc.
- (2) 1 two-year time-limited Executive Officer I post will lapse in 2017-18.
- (3) Excluding 4 Hong Kong-based staff posts reserved for the Seoul ETO under preparation.
- (4) Excluding \$24.25 million in the 2017-18 Estimate reserved as the Seoul ETO's estimated annual expenditure.

The ETOs (except the Geneva ETO which specialises in World Trade Organization matters) maintain close liaison with local government officials, business chambers, the media, etc. on a regular basis, and collaborate closely with other Hong Kong overseas agencies, such as Invest Hong Kong, Hong Kong Trade Development Council, Hong Kong Tourism Board, etc. in organising and co-organising a range of promotional activities, e.g. business seminars, luncheons, thematic events, etc. They brief the local enterprises on the latest developments of Hong Kong and its advantages in various aspects, encourage them to conduct business and invest in Hong Kong, and promote Hong Kong's position as an international financial and business hub. Riding on opportunities arising from the "Belt and Road" Initiative, the ETOs also step up efforts in promoting Hong Kong as the super-connector connecting the Mainland with the rest of the world, encouraging local businessmen to make use of Hong Kong's advantages in exploring business opportunities under the Initiative in order to help the commercial and professional sectors in Hong Kong open up new markets.

Apart from enhancing Hong Kong's overseas economic and trade relationships with foreign countries, the ETOs also assist in promoting Hong Kong cultural and creative industries and cultural exchanges. From time to time, the ETOs organise and sponsor different cultural and arts events in the countries/cities under their respective purview, including film festivals, concerts, dance performances, art exhibitions, dragon boat races, etc., and invite famous Hong Kong film directors, actors, designers, emerging artists, etc. to participate in the related events. The ETOs also support overseas exchanges by local cultural and art groups of different scales, for instance, performances in different cities by the City Contemporary Dance Company, the Hong Kong Sinfonietta, Asian Youth Orchestra, the Spring-Time Experimental Theatre and Perry Chiu Experimental Theatre, etc.

In 2017-18, the ETOs will continue to maintain close liaison with the locals in various sectors, and to strengthen promotion work along "Belt and Road" countries, e.g. organising business seminars, etc. with an aim to enhance Hong Kong's profile overseas and explore business opportunities as well as open up new markets for commercial sectors. ETOs will also continue to promote Hong Kong's arts and cultural achievements, organise various arts and cultural activities locally, and support Hong Kong's creative industries to tap the overseas market.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)236

(Question Serial No. 2954)

Head: (96) Government Secretariat: Overseas Economic and Trade Offices

Subhead (No. & title): (000) Operational expenses

Programme: (-)

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

There will be 19 directorate civil servants in the Overseas Economic and Trade Offices. Please advise this Committee of their respective ranks as well as the amount of salary and benefits for each of them.

Asked by: Hon LEUNG Kwok-hung (Member Question No.29)

Reply:

In 2017-18, there will be an estimated 19 directorate civil service posts in the overseas Economic and Trade Offices, including two Administrative Officer Staff Grade A, two Administrative Officer Staff Grade B1, two Administrative Officer Staff Grade B and 13 Administrative Officer Staff Grade C(AOSGC) posts. The annual salary provisions earmarked for these posts at notional annual salary cost at mid-point are \$42.67 million.

The above-mentioned officers are eligible for the fringe benefits prescribed in the Memorandum on Conditions of Service, Civil Service Regulations and other relevant regulations. Expenditures on fringe benefits for the incumbents are included in other relevant heads of expenditure, no provision is earmarked for this purpose under this programme.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)237

(Question Serial No. 5081)

Head: (96) Government Secretariat: Overseas Economic and Trade Offices

Subhead (No. & title): (000) Operational expenses

Programme: (1) Commercial Relations, (2) Public Relations, (3) Investment Promotion

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Please advise this Committee of the estimated expenditure on staff establishment, ranks, salaries, related allowances and personnel related expenses of the following offices in 2017-18 in table form:

1. Hong Kong Economic and Trade Office in Berlin;
2. Hong Kong Economic and Trade Office in Brussels;
3. Hong Kong Economic and Trade Office in Geneva;
4. Hong Kong Economic and Trade Office in London;
5. Hong Kong Economic and Trade Office in New York;
6. Hong Kong Economic and Trade Office in San Francisco;
7. Hong Kong Economic and Trade Office in Singapore;
8. Hong Kong Economic and Trade Office in Sydney;
9. Hong Kong Economic and Trade Office in Tokyo;
10. Hong Kong Economic and Trade Office in Toronto; and
11. Hong Kong Economic and Trade Office in Washington.

Asked by: Hon LEUNG Kwok-hung (Member Question No. 2011)

Reply:

The 11 overseas Economic and Trade Offices (ETOs) referred to in the question have a total establishment of 150, including Hong Kong-based staff (with officers from the Administrative Officer, Trade Officer, Executive Officer, Information Officer and Investment Promotion Project Officer grades) and locally engaged staff.

The distribution of 2017-18 Estimate for the 11 overseas ETOs in respect of personal emoluments and personnel related expenses under Subhead 000 Operational expenses are tabulated below -

	ETOs											Total
	Brussels	Geneva	Berlin	London	New York	San Francisco	Washington	Singapore	Sydney	Tokyo	Toronto	
2017-18 estimate Personal Emoluments ⁽¹⁾ (\$ million)	22.0	24.3	6.7	14.8	14.3	16.8	20.9	10.0	11.3	15.2	8.9	165.2
2017-18 estimate Personnel Related Expenses ⁽²⁾ (\$ million)	1.1	1.1	0.7	0.9	0.5	0.5	1.5	0.8	0.4	0.7	0.7	8.9

Note:

- (1) Total estimated expenditure on personal emoluments includes salaries, allowances and job-related allowances (where appropriate).
- (2) Total estimated expenditure on personnel related expenses includes Mandatory Provident Fund contribution, Civil Service Provident Fund contribution and disturbance allowance (where appropriate).

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)238

(Question Serial No. 3445)

Head: (96) Government Secretariat: Overseas Economic and Trade Offices

Subhead (No. & title): (-) -

Programme: (-) -

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Does your department provide sign language interpretation services? If yes, what are the manpower and staff expenditure involved? If no, what are the reasons?

Asked by: Hon LEUNG Yiu-chung (Member Question No. 176)

Reply:

At present, there are 12 Hong Kong Economic and Trade Offices (ETOs) overseas. They will arrange sign language interpretation services through related service providers if need arises. These services are not directly provided by our ETO staff, hence there are no related manpower and staff expenditure under Head (96).

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)239

(Question Serial No. 0396)

Head: (96) Government Secretariat: Overseas Economic and Trade Offices

Subhead (No. & title): (-) -

Programme: (-) -

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is mentioned in paragraph 114 of the Budget Speech that while actively preparing for the setting up of an Economic and Trade Office (ETO) in Korea, the Government is commencing preliminary work to establish ETOs in India, Mexico, Russia, South Africa and the United Arab Emirates so as to enhance our trade and cultural exchanges with other economies. In this connection, what is the estimated promotional expenditure for the next 3 years?

Asked by: Hon LIAO Cheung-kong, Martin (Member Question No. 14)

Reply:

The Government is actively preparing for the setting up of an Economic and Trade Office (ETO) in Seoul. For preparation of the Estimate, we have reserved \$24.25 million in the 2017-18 Estimate as the ETO's estimated annual expenditure, including personal emoluments and other operational expenditure. In addition, we have commenced preliminary work for setting up ETOs in India, Mexico, Russia, South Africa and the United Arab Emirates. Depending on the progress of our discussions with respective host governments on the detailed arrangements for setting up the ETOs, we will work out the estimated expenditure for each of the five ETOs by making reference to the establishment and actual expenditure of existing ETOs, and with due consideration to the scope of work, country coverage and operational needs of the new ETOs. No such provision has been made in the 2017-18 Estimate.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)240

(Question Serial No. 2186)

Head: (96) Government Secretariat: Overseas Economic and Trade Offices

Subhead (No. & title): (-) -

Programme: (1) Commercial Relations, (2) Public Relations

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is stated in the Budget Speech (paragraph 114) that the Government is “commencing preliminary work to establish Economic and Trade Offices (ETOs) in India, Mexico, Russia, South Africa and the United Arab Emirates so as to enhance our trade and cultural exchanges with other economies.” In this connection, would the Government advise this Committee of:

- (a) the progress of the work concerning the Government's proposed establishment of a new overseas ETO in Seoul as mentioned under this Programme; and
- (b) the justifications of setting up ETOs in India, Mexico, Russia, South Africa and the United Arab Emirates, as well as the latest progress, the estimated expenditure and staff establishment involved.

Asked by: Hon LUK Chung-hung (Member Question No. 26)

Reply:

- (a) Hong Kong and Korea have always been enjoying close trade and economic relations. To strengthen liaison and exchanges between the two places, we are actively preparing for the setting up of an Economic and Trade Office (ETO) in Seoul. As setting up of a new ETO involves various arrangements, we have to conduct detailed discussions with the Korean Government to ensure effective operation of the Seoul ETO. Once we have received agreement with the Korean Government regarding the detailed arrangements for setting up the Seoul ETO, we will complete relevant internal procedures as soon as possible, including seeking approval from the Legislative Council for the creation of posts, finding suitable office accommodation, recruiting local staff, etc., with a view to setting up the ETO as soon as possible.

(b) At present, we have a total of 12 overseas ETOs. These ETOs are located in major economies and cover most of the top 20 trading partners of Hong Kong. In order to further expand the ETOs' network and strengthen promotion work outside Hong Kong, we plan to set up new ETOs in five countries, namely India, Mexico, Russia, South Africa and the United Arab Emirates (UAE) under the following considerations -

- (1) India is Asia's 5th largest trading entity, the largest trading entity in Southern Asia and Hong Kong's 7th largest trading partner. It is also a country along the Belt and Road.
- (2) Mexico is the largest trading entity among those in Latin America and Hong Kong's 24th largest trading partner.
- (3) Russia is Europe's 9th largest trading entity, the largest trading entity in Eastern Europe and Hong Kong's 27th largest trading partner. It is also a country along the Belt and Road.
- (4) South Africa is Africa's largest trading entity and Hong Kong's 29th largest trading partner.
- (5) UAE is Asia's 8th largest trading entity and Hong Kong's 14th largest trading partner. UAE together with India and Russia are major economies along the Belt and Road countries.

We have commenced preliminary work for setting up ETOs in the above countries. Depending on the progress of our discussions with respective host governments on the detailed arrangements for setting up the ETOs, we will work out the estimated expenditure for each of the five ETOs by making reference to the establishment and actual expenditure of existing ETOs, and with due consideration to the scope of work, country coverage and operational needs of the new ETOs. No such provision has been made in the 2017-18 Estimate.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)241

(Question Serial No. 4875)

Head: (96) Government Secretariat: Overseas Economic and Trade Offices

Subhead (No. & title): (-) -

Programme: (-) -

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

- (a) Please list the expenditure and manpower involved in the promotion of local cultural and creative industries, local culture and exchanges by overseas Economic and Trade Offices (ETOs) in the past year, and the percentage of such expenditure in the total expenditure.
- (b) What concrete plans do the overseas ETOs have for the promotion of local cultural and creative industries, local culture and exchanges this year? What are the estimated expenditure and manpower involved?
- (c) Have any local cultural organisations contacted the overseas ETOs to reflect the need to conduct cultural exchanges and promote local culture overseas? If yes, what areas did these requests mainly cover, and what was the number of cases for each area? How did the Government handle their requests?
- (d) Will the Government consider deploying dedicated staff to ETOs as appropriate to handle cultural matters? If yes, what are the details? If not, what are the reasons?
- (e) Did the relevant ETOs promote cultural exchanges between Hong Kong and the Belt and Road countries last year? What were the details and expenditure involved? Do they have any plan to promote cultural exchanges between Hong Kong and the Belt and Road countries in the next year? If yes, what are the details and expenditure involved? If no, what are the reasons?

Asked by: Hon MA Fung-kwok (Member Question No. 61)

Reply:

- (a) In the past year (2016-17), apart from enhancing Hong Kong's overseas economic and trade relationships with foreign countries, our overseas Economic and Trade Offices (ETOs) (except the Geneva ETO which specialises in World Trade Organization matters) also assisted in promoting Hong Kong cultural and creative industries and cultural exchanges. From time to time, the ETOs organised and sponsored different cultural and art events in the countries/cities under their respective purview, including film festivals, concerts, dance performances, art exhibitions, dragon boat races, etc., and invited famous Hong Kong film directors, actors, designers, emerging artists, etc. to participate in the related events. The ETOs also supported overseas exchanges by local cultural and art groups of different scales, for instance, performances in different cities by the City Contemporary Dance Company, the Hong Kong Sinfonietta, Asian Youth Orchestra, the Spring-Time Experimental Theatre and Perry Chiu Experimental Theatre, etc. As these promotion efforts are part of the overall public relations work of ETOs, the expenditure and number of staff involved cannot be accurately and separately itemised.
- (b) In 2017-18, our overseas ETOs will continue to promote Hong Kong's art and cultural achievements and characteristics, and support our local creative industries to tap the overseas market. Since relevant work has been included in the overall public relations work of ETOs, the expenditure and number of staff involved cannot be accurately and separately estimated.
- (c) Over the years, our overseas ETOs have been in close contact with different cultural organisations in Hong Kong to provide support for their cultural exchanges in overseas countries, although relevant statistics are not available. In general, the ETOs would respond positively to requests raised by these organisations and provide assistance as appropriate, taking into account various factors such as resources and manpower arrangement, the cultural environment of different overseas countries, etc. The ETOs would liaise with relevant local partners and other local art and cultural bodies to facilitate cultural exchanges and cooperation, provide assistance in publicity work through different channels, and support or co-organise events, etc. in order to promote Hong Kong's cultural and creative industries overseas.
- (d) As promoting cultural exchange between Hong Kong and areas under their coverage has always been one of the main functions of overseas ETOs, there is no plan at the moment to deploy dedicated staff to the ETOs to handle cultural matters. We will fully utilise the existing resources of ETOs to strengthen related promotion and liaison work.
- (e) In Europe, the Brussels, London and Berlin ETOs have spared no efforts throughout the years in promoting cultural exchanges with countries under their purview (including relevant Belt and Road countries) with a view to publicising Hong Kong's developments in music, culture, film industry, etc. In the past few years, these ETOs organised Chinese New Year (CNY) receptions in most of the major cities of the relevant Belt and Road countries to promote Hong Kong's Chinese traditional cultural heritage. On the occasion of such CNY receptions, the ETOs staged cultural performances to showcase Hong Kong's cultural and musical talents who were either

flown in from Hong Kong or based in Europe. The ETOs also sponsored international film festivals of those countries or organised Hong Kong Film Panorama to promote Hong Kong's film culture.

In Asia, the Singapore ETO launched the ASEAN Internship Scheme for Hong Kong Higher Education Students and sponsored Hong Kong cultural organisations to perform in ASEAN countries with a view to promoting cultural exchanges with the Belt and Road countries. The Jakarta ETO which was established in 2016 will also help strengthen our cultural exchanges with relevant Belt and Road countries.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)242****(Question Serial No. 2084)**

Head: (96) Government Secretariat: Overseas Economic and Trade Offices

Subhead (No. & title): (-) -

Programme: (1) Commercial Relations

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

One of the responsibilities of overseas Economic and Trade Offices is to represent and promote Hong Kong's trading and commercial interests outside Hong Kong. The key performance measures include: meetings on trade-related matters attended; visits to host governments and trade organisations; seminars, exhibitions and workshops organised and participated; public speeches given; media interviews/briefings given; and circulars/newsletters/press releases issued. In the meantime, given the enormous opportunities opened up by the Belt and Road Initiative for the external trade of Hong Kong, the HKSAR Government indicated that it would actively complement the national policy and regard it as a priority. In this connection, please provide a detailed breakdown of the above performance measures that are related to countries along the Belt and Road in the coming year, and the estimated expenditure involved.

Asked by: Hon NG Wing-ka, Jimmy (Member Question No. 6)

Reply:

At present, there are 12 Hong Kong Economic and Trade Offices (ETOs) overseas. The coverage of the ETOs in Berlin, Brussels, Jakarta, London and Singapore includes the Belt and Road countries. The total estimates of various performance indicators for these 5 ETOs in 2017 are as follows -

Indicators in respect of commercial relations	2017 total estimate
Meetings on trade-related matters attended	1 433
Visits to host governments and trade organisations	816
Seminars, exhibitions and workshops organised	143
Seminars, exhibitions and workshops participated	345
Public speeches given	218
Media interviews/briefings given	283
Circulars/newsletters/press releases issued	680

Since work related to the Belt and Road countries is part of the overall commercial relations work of the ETOs, the estimated performance indicators and expenditures involved cannot be accurately and separately itemised.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)243****(Question Serial No. 2988)**

Head: (96) Government Secretariat: Overseas Economic and Trade Offices

Subhead (No. & title): (-) -

Programme: (-) -

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is mentioned in the Budget Speech that “to help the local commercial sector and professionals open up new markets, we established our 12th overseas Economic and Trade Office (ETO) in Indonesia last year”. What were the respective annual operational expenses in the past 3 years of the overseas ETOs which were set up previously and the effectiveness achieved?

Asked by: Hon OR Chong-shing, Wilson (Member Question No. 56)

Reply:

At present, there are 12 Hong Kong Economic and Trade Offices (ETOs) overseas, including the Jakarta ETO which was established in 2016. The operational expenses of the ETOs in the past 3 years are as follows:

2014-15	\$325.5 million
2015-16	\$314.0 million
2016-17 (Revised Estimate) ^{Note}	\$368.7 million

Note: The Revised Estimate includes the operational expenses of the Jakarta ETO, the temporary office of which has commenced operation in June 2016.

Our ETOs (except the Geneva ETO which specialises in World Trade Organization matters) maintain close liaison with local government officials, business chambers, the media, etc., on a regular basis, and collaborate closely with other Hong Kong overseas agencies, such as Invest Hong Kong, Hong Kong Trade Development Council, Hong Kong Tourism Board, etc., in organising and co-organising a range of promotional activities, e.g. business seminars, luncheons, thematic events, etc. They brief the local enterprises on the latest developments of Hong Kong and its advantages in various aspects, encourage them to conduct business and invest in Hong Kong, and promote Hong Kong's position as an international financial and business hub. Riding on opportunities arising from the “Belt

and Road” Initiative, the ETOs also step up efforts in promoting Hong Kong as the super-connector connecting the Mainland with the rest of the world, encouraging local businessmen to make use of Hong Kong’s advantages in exploring business opportunities under the Initiative in order to help the commercial and professional sectors in Hong Kong open up new markets.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)244

(Question Serial No. 0625)

Head: (96) Government Secretariat: Overseas Economic and Trade Offices

Subhead (No. & title): (-) -

Programme: (1) Commercial Relations

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

In this financial year, the provision for both Programme (1) and Programme (2) has been increased due to the setting up of the new Economic and Trade Office (ETO) in Seoul, and increased salary provision for filling vacancies and staff changes.

Is there any overlapping of such provision? If no, what are the details of its apportionment? What is the annual recurrent expenditure to be incurred by the new ETO in Seoul, and how does it compare with those of other ETOs?

Asked by: Hon WONG Ting-kwong (Member Question No. 26)

Reply:

The provision for Programme (1) reflects the estimated expenditure for commercial relations work of the overseas Economic and Trade Offices(ETOs), while the provision for Programme (2) reflects those for public relations work. There is no overlapping of provision under the two programmes. The estimates for Programme (1) and Programme (2) in 2017-18 are \$201.7 million and 157.8 million respectively.

For preparation of the Estimate, we have reserved \$24.25 million in the 2017-18 Estimate as Seoul ETO's estimated annual expenditure, including personal emoluments and operational expenditure. The annual expenditure of the ETOs covers expenses on personal emoluments and operational expenditure. Due to differences in staff establishment, scope of work, country coverage and operational needs of the ETOs, it is not appropriate to directly compare their annual expenditure.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)245

(Question Serial No. 0627)

Head: (96) Government Secretariat: Overseas Economic and Trade Offices

Subhead (No. & title): (-) -

Programme: (2) Public Relations

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

1. The overseas Economic and Trade Offices (ETOs) are going to organise activities in relation to the 20th Anniversary of the Establishment of the Hong Kong Special Administrative Region (HKSAR). What are the detailed arrangements and estimated funding requirements of such activities?

Asked by: Hon WONG Ting-kwong (Member Question No. 30)

Reply:

The 12 overseas Hong Kong Economic and Trade Offices (ETOs) are carrying out preparatory work for over 100 promotional activities in more than 50 cities outside Hong Kong to celebrate the 20th Anniversary of the Establishment of the Hong Kong Special Administrative Region. The celebration work provides an opportunity for the ETOs to enhance promotion efforts in the overseas countries to promote the local culture, art, creative industries of and development opportunities in Hong Kong. The promotional activities include conferences, gala dinners, cultural performances, exhibitions, youth programmes, film festivals, sport events and other festive events etc. We have earmarked \$75 million to cover the overall expenditure of the 12 ETOs for organising related activities.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)246

(Question Serial No. 3959)

Head: (96) Government Secretariat: Overseas Economic and Trade Offices

Subhead (No. & title): (-) -

Programme: (1) Commercial Relations, (2) Public Relations, (3) Investment Promotion

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

When will the new Economic and Trade Office in Seoul come into operation? In which district of Seoul will it be situated? How much is the monthly rent for the office accommodation?

Asked by: Hon YEUNG Alvin (Member Question No. 66)

Reply:

To strengthen liaison and exchanges between Hong Kong and Korea, we are actively preparing for the setting up of the Economic and Trade Office (ETO) in Seoul. As setting up of a new ETO involves various arrangements, we have to conduct detailed discussions with the Korean Government to ensure the effective operation of the ETO. Once we have reached agreement with the Korean Government regarding the detailed arrangements for setting up the Seoul ETO, we will complete relevant internal procedures as soon as possible, including seeking approval from the Legislative Council for the creation of posts and finding suitable office accommodation. As the ETO is yet to be set up, no rental information can be provided at this stage.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)247

(Question Serial No. 5207)

Head: (96) Government Secretariat: Overseas Economic and Trade Offices

Subhead (No. & title): (-) -

Programme: (2) Public Relations

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Many tertiary students have expressed their wishes to take part in exchanges and internships in various places around the world. According to the reply (Question Serial No. 7139) of the Controlling Officer, Permanent Secretary for Commerce and Economic Development, made during the Examination of Estimates of Expenditure 2016-17 by the Finance Committee of the last Legislative Council term, "the overseas Economic and Trade Offices (ETOs) are actively exploring the feasibility to launch similar schemes in the countries under their coverage... the Home Affairs Bureau and the Commission on Youth also endeavour to provide overseas exchange opportunities to Hong Kong youth."

In this regard, please advise on the work progress and achievements made by overseas ETOs and various departments concerned over the past year in respect of exchanges and internships, including the names of the existing schemes; the number of participating organisations; the nature of these organisations, such as commercial organisations, academic institutions, non-government organisations, official organisations or others; the schemes to be added and the organisations which will participate in the coming year and the nature of these organisations; the staff establishment and rankings of officials responsible for education and overseas studies in the overseas ETOs as well as the operational expenses and estimated payroll cost of the above work over the past 3 years and in the Estimates for 2017-18.

Asked by: Hon YIU Chung-yim (Member Question No. 119)

Reply:

In order to broaden the horizon of young people in Hong Kong, a number of overseas Economic and Trade Offices (ETOs) have been arranging internship programmes for higher education students of Hong Kong. The internship programmes aim to provide

opportunities for the students to take up internship in overseas countries, thus enabling them to learn the working culture of different countries.

In 2016, the Singapore ETO continued to implement the “ASEAN Internship Scheme for Hong Kong Higher Education Students” (previously called “ASEAN Internship for University Students of Hong Kong Scheme”) which provided internship opportunities in ASEAN countries for about 160 higher education students of Hong Kong. Through the Scheme, students can gain first-hand knowledge about the economic and socio-cultural environments of the ASEAN countries. The students took up internship in around 60 participating organisations in 8 ASEAN countries (including Brunei, Cambodia, Indonesia, Malaysia, Myanmar, Singapore, Thailand and Vietnam). Other overseas ETOs also arrange internship programmes. For example, modelling on the modus operandi of the internship scheme by Singapore ETO, the 3 ETOs in the US (viz. Washington, New York and San Francisco ETOs) and the 3 ETOs in Europe (viz. Brussels, London and Berlin ETOs) have also started to launch similar pilot internship programmes in 2016. Around 30 higher education students of Hong Kong participated in the programmes.

The organisations providing internship opportunities through the above programmes include Government organisations, private companies, international organisations, academic institutions, think tanks, arts and cultural organisations, etc. In 2016, the overseas ETOs have provided internship opportunities for around 200 Hong Kong higher education students. In 2017, the ETOs will continue to promote the programmes and strive for more participating host organisations through its long-established network in the countries under their purview so as to arrange more internship opportunities for higher education students in Hong Kong.

Under the above programmes, the role of the overseas ETOs is to seek internship opportunities. The follow-up arrangements (including matching of students with host organisations, students’ itineraries, etc.) are directly handled by the students and/or their respective institutions concerned with the host organisations. The institutions and host organisations can decide whether to provide allowances to the student interns. No additional funding is involved in implementing the programmes. Since officers involved in related work also take up other duties, we are unable to accurately and separately itemise their number, rank and personal emoluments.

To broaden the exposure of Hong Kong’s youth and enhance their understanding of the Mainland, and to enable them to develop a deeper understanding of the workplace environment and employment market in the Mainland, the Home Affairs Bureau (HAB) and the Commission on Youth (CoY) jointly organise the Funding Scheme for Youth Exchange in the Mainland (“Youth Exchange Scheme”) and the Funding Scheme for Youth Internship in the Mainland (“Youth Internship Scheme”) to sponsor community organisations to organise youth exchange and youth internship programmes to the Mainland respectively. The numbers of sponsored community organisations for the Youth Exchange Scheme and the Youth Internship Scheme in 2016-17 are 193 and 63 respectively.

Apart from Mainland exchange and internship, HAB and CoY also co-organise the International Youth Exchange Programme (IYEP) and the Summer Exchange Programme (SEP) for Hong Kong youth to broaden their horizons and international perspective through exchange of ideas and experiences with young people in overseas countries.

Moreover, HAB and the Committee on the Promotion of Civic Education launched the Funding Scheme for Exchange in Belt and Road Countries (BnR Scheme) last year to sponsor local young people to participate in exchange activities in Belt and Road countries so as to foster “people-to-people bond”. The number of sponsored community organisations for the BnR Scheme in 2016-17 is 29. As the response is encouraging, we will continue this funding scheme this year.

In the 2017-18 Budget, the Financial Secretary proposes to allocate an additional non-recurrent provision of \$100 million to expand the IYEP so that more young people may take part in overseas exchange to increase their global exposure and broaden their horizons. With the additional allocation, HAB plans to launch a new funding scheme to encourage and sponsor community organisations to organise overseas youth exchange programmes. HAB is working on the proposed guidelines and arrangements for the new funding scheme and aims to launch the new funding scheme within 2017-18.

Calculated on the basis of notional annual mid-point salary, the expenditure in terms of personal emoluments of the established posts involved in the work of the two Mainland funding schemes, IYEP, SEP and the BnR Scheme is approximately \$6.9 million a year, where the incumbents of these posts are also responsible for other duties. The additional workload arising from managing the new funding scheme will be absorbed within HAB’s existing resources. The operational expenses involved in the above programmes and schemes are covered by the relevant provisions for the Home Affairs Bureau and cannot be separately accounted for.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)248****(Question Serial No. 5209)**

Head: (96) Government Secretariat: Overseas Economic and Trade Offices

Subhead (No. & title): (-) -

Programme: (2) Public Relations

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

In tandem with greater diversification of Hong Kong's economy, green technology as well as cultural and creative industries have an increasingly important role in the economy. Living standard of the general public, liveability, education opportunities, environmental protection, air quality, a fair system and way to democracy are important factors for the further development of the economy and also important considerations for investors. Regarding the following three aspects: (1) social security, policies on livelihood, education, technology and overseas study programmes; (2) environmental protection, technology, climate change, nature conservation; (3) compatibility of systems, governance and government's operation, have the overseas Economic and Trade Offices (ETOs) conducted exchange and experience sharing with, drawn experience from the governments, private organisations or non-government organisations of other countries on a regular basis, and analysed the economic development of their station countries and integrated such information in the regular work report submitted to this Council? If yes, please set out in the attached table form the initiatives the overseas ETOs have taken in respect of the above work over the past year, the relevant purposes, the respective counterparts and their natures (government/public organisations, private organisations or non-government organisations); if no, please explain the reasons and whether consideration will be made to introduce relevant functions in the ETOs in the future?

ETOs	Social Security, Policies on Livelihood, Education, Technology and Overseas Study Programmes (Programmes; Purpose and Content of Exchange; Counterparts and their Natures)	Environmental Protection, Technology, Climate Change, Nature Conservation (Programmes; Purpose and Content of Exchange; Counterparts and their Natures)	Compatibility of Systems, Governance and Government's Operation (Programmes; Purpose and Content of Exchange; Counterparts and their Natures)
Brussels			
Geneva			
London			
Berlin			
New York			
San Francisco			
Washington			
Jakarta			
Singapore			
Sydney			
Tokyo			
Toronto			
Seoul			

Asked by: Hon YIU Chung-yim (Member Question No. 121)

Reply:

The main roles of our overseas Hong Kong Economic and Trade Offices (ETOs) (except the Geneva ETO which specialises in World Trade Organization matters) are to maintain close liaison with local government officials, business chambers, the media, etc. on a regular basis, and collaborate closely with other Hong Kong overseas agencies, such as Invest Hong Kong, the Hong Kong Trade Development Council, the Hong Kong Tourism Board, etc. in organising and co-organising various promotional activities. They brief local enterprises on the latest developments of Hong Kong and its advantages in various aspects, and encourage them to conduct business and invest in Hong Kong. Riding on opportunities arising from the “Belt and Road” Initiative, the ETOs also step up efforts in promoting Hong Kong as the super-connector connecting the Mainland with the rest of the world, encouraging local businessmen to make use of Hong Kong’s advantages in exploring business opportunities under the Initiative in order to help the commercial and professional sectors in Hong Kong open up new markets. Besides, our ETOs also assist in promoting Hong Kong cultural and creative industries and organise a variety of arts and cultural activities locally to enhance cultural exchanges.

Apart from promoting Hong Kong's economic and trade relations as well as cultural exchanges with foreign countries, the ETOs also assist in arranging overseas visits of HKSARG officials from time to time to enable them to meet with the representatives of relevant governments, private organisations, non-government organisations, etc. so as to facilitate exchange of views and sharing of experience in different areas. For example, with regard to environmental protection, technology and education, the Tokyo ETO assisted in arranging the duty visit by the Permanent Secretary for the Environment to Seoul in April 2016 to study their waste management policies. In May 2016, the Berlin ETO assisted in lining up the visit by the Secretary for Innovation and Technology (S for IT) to Vienna, during which S for IT signed a memorandum of understanding with the Austrian federal government to strengthen bilateral cooperation in technology start-up ecosystems. In October 2016, the San Francisco ETO also assisted in arranging education exchanges by the Secretary for Education (SED) in San Francisco. SED visited Microsoft Technology Centre in Silicon Valley and met its management to share views on new developments of e-learning and innovation education.

The ETOs also actively organise exchange programmes on the education front. For example, the "ASEAN Internship Scheme for Hong Kong Higher Education Students" (previously called "ASEAN Internship for University Students of Hong Kong Scheme") launched by the Singapore ETO in 2014 received very positive responses. More than 150 interns took up internship in 8 ASEAN countries in 2016. Host organisations offering internship places include international organisations, academic institutions, think-tanks, arts and cultural groups, start-ups, private companies, etc. From February to May 2016, the London ETO organised the fifth student competition and the theme was "Hong Kong: A Smart City in the World!". 5 winning United Kingdom (UK) students were sponsored to attend summer courses at universities in Hong Kong, which enabled them to better understand Hong Kong's advantages as a regional education hub. They shared their experience with fellow students upon their return to the UK, thus facilitating cultural exchanges between Hong Kong and the UK.

The ETOs closely monitor political and economic developments in the countries under their purview and report to relevant bureaux and departments as appropriate, and they submit bimonthly reports on political and economic developments of such countries, their work on different areas, etc. to the Legislative Council for Members' information. For example, the Washington ETO closely monitors political and economic developments in the United States of America (US) and reports to Hong Kong on legislative proposals, government policies, executive actions, etc. that may affect Hong Kong. It also organises a number of public relations events to promote bilateral relations between Hong Kong and the US, briefs the locals on the latest developments in Hong Kong, including the implementation of "One Country, Two Systems", and addresses their concerns on our political, social and economic developments. Besides, the Brussels ETO maintains regular dialogue with the European Union (EU) Member States, closely monitors EU policies or directives which may affect Hong Kong, as well as developments after the UK's vote in June 2016 for Brexit, etc.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)249****(Question Serial No. 5212)**

Head: (96) Government Secretariat: Overseas Economic and Trade Offices

Subhead (No. & title): (-) -

Programme: (2) Public Relations

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

As regards the work of the Mainland and Taiwan Offices, the Constitutional and Mainland Affairs Bureau mentioned that they would “foster economic and cultural exchanges with Taiwan”. Programmes on such cultural exchanges are not found in other offices set up in the Mainland and overseas. In this connection, will the overseas Economic and Trade Offices (ETOs) inform this Committee of whether the 13 overseas ETOs have done anything relating to cultural exchanges with overseas countries and regions? If not, what are the reasons?

If yes, please list in detail, based on the indicators used by the Government, the numbers of (1) visits to senior officials/officers/organisations; (2) public relations programmes/cultural events organised; (3) public relations programmes/cultural events participated; (4) public speeches given; and (5) media interviews/briefings given by the various overseas ETOs for the purpose of cultural exchanges in the past 3 years. Also, please state the expected achievements on such work of the various overseas ETOs in 2017-18.

Names of the overseas ETOs	(1)	(2)	(3)	(4)	(5)
Brussels					
Geneva					
London					
Berlin					
New York					
San Francisco					
Washington					
Jakarta					
Singapore					
Sydney					
Tokyo					
Toronto					
Seoul					

Please also state the staff establishment and ranks of the officers responsible for the work on cultural exchanges in the various overseas ETOs, as well as the operational expenses and payroll costs relating to the above in the past 3 years and the estimated amounts of the same in 2017-18.

Asked by: Hon YIU Chung-yim (Member Question No. 124)

Reply:

Apart from enhancing Hong Kong's economic and trade relationships with foreign countries, our overseas Economic and Trade Offices (ETOs) (except for the Geneva ETO) also assisted in promoting local cultural and creative industries and cultural exchanges. From time to time, the ETOs organised and sponsored different cultural and arts events in the countries/cities under their respective purview, including film festivals, concerts, dance performances, arts exhibitions, dragon boat races, etc., and invited famous Hong Kong film directors, actors, designers, emerging artists, etc. to participate in the related events. The ETOs also supported local cultural and arts groups of different scales in overseas exchanges. Since the promotion work on cultural exchanges has been included in the overall public relations work of ETOs, the number of events related to cultural exchanges cannot be accurately and separately itemised.

The total numbers of (1) visits to senior officials/officers/organisations; (2) public relations programmes/cultural events organised; (3) public relations programmes/cultural events participated; (4) public speeches given; and (5) media interviews/briefings given by the overseas ETOs in the past 3 years (from 2014 to 2016) are as follows –

Names of the overseas ETOs	(1)	(2)	(3)	(4)	(5)
Brussels	939	166	220	159	228
Geneva ⁽¹⁾	1	8	299	0	1
London	797	351	810	219	219
Berlin	435	133	300	139	244
New York	211	280	708	201	194
San Francisco	202	126	174	125	183
Washington	487	108	197	84	259
Jakarta ⁽²⁾	25	2	15	3	2
Singapore	518	212	319	117	183
Sydney	613	170	439	186	189
Tokyo	356	213	390	109	193
Toronto	455	372	746	234	419

The estimated numbers of the above work to be carried out by the overseas ETOs in 2017 are as follows –

Names of the overseas ETOs	(1)	(2)	(3)	(4)	(5)
Brussels	280	57	70	64	73
Geneva ⁽¹⁾	0	2	95	0	0
London	280	122	280	77	78

Names of the overseas ETOs	(1)	(2)	(3)	(4)	(5)
Berlin	145	47	95	54	70
New York	60	90	240	65	65
San Francisco	65	45	56	40	60
Washington	185	46	66	33	87
Jakarta	100	40	60	20	20
Singapore	190	65	70	30	59
Sydney	170	35	130	52	55
Tokyo	114	76	129	38	62
Toronto	153	118	238	78	134

Note (1): As Geneva ETO focuses on World Trade Organization matters and mainly attends meetings on trade-related matters which are accounted for under Programme (1) Commercial Relations, it has comparatively fewer public relations and promotional events in Programme (2).

Note (2): Jakarta ETO commenced operation in June 2016.

At present, the above 12 ETOs have a total establishment of 164, including Hong Kong-based staff (with officers from the Administrative Officer, Trade Officer, Executive Officer, Information Officer and Investment Promotion Project Officer grades) and locally engaged staff. It is expected that the total establishment will be reduced to 163 in 2017-18 due to the deletion of one time-limited post. The operational expenses and personal emoluments which are included in the operational expenses of the ETOs from 2014-15 to 2017-18 are as follows –

	Actual expenditure 2014-15	Actual expenditure 2015-16	Revised estimate 2016-17	Estimate 2017-18
Operational expenses	325.5 million	314 million	356.4 million	399.9 million
Personal emoluments	152.9 million	149.1 million	157.6 million	175.4 million

Since the promotion work on cultural exchanges is part of the overall public relations work of the overseas ETOs, the number and rank of the officers involved, personal emoluments and other operational expenditure cannot be accurately and separately itemised.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)250

(Question Serial No. 5411)

Head: (96) Government Secretariat: Overseas Economic and Trade Offices

Subhead (No. & title): (-) -

Programme: (1) Commercial Relations, (2) Public Relations, (3) Investment Promotions

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Government has indicated that a new Economic and Trade Office (ETO) will be set up in Seoul, whereas the Constitutional and Mainland Affairs Bureau (CMAB) has mentioned that it will “continue to improve the network of the Mainland Offices by setting up more liaison units”. In this regard, will the Government advise this Committee if there is any plan for setting up overseas ETOs in economies where no such office has been established? Will the Government continue to improve the overseas ETO network by setting up more liaison offices in other economies with reference to CMAB’s direction? If yes, please list the proposals for setting up overseas ETOs and liaison offices, as well as the cities where such offices will be established. If no, please explain the reasons. Please also provide the staff establishment and the ranks of officers responsible for formulating development strategies in relation to the expansion of overseas ETO network, as well as the operational expenses and the estimated payroll costs for the past 3 years and in the 2017-18 Estimates.

Asked by: Hon YIU Chung-yim (Member Question No. 129)

Reply:

At present, there are 12 Hong Kong Economic and Trade Offices (ETOs) overseas. In addition to actively preparing for the setting up of Seoul ETO, we plan to set up ETOs in Mumbai (India), Mexico City (Mexico), Moscow (Russia), Johannesburg (South Africa) and Dubai (the United Arab Emirates). We have commenced preliminary work for the setting up of the above 5 ETOs. In order to oversee the policy work and provide administrative support for expanding the overseas ETOs’ network, we have earmarked \$6.871 million under Head 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch) in 2017-18 to cover the salaries for the creation of 3 time-limited posts, namely 1 Administrative Officer Staff

Grade C, 1 Senior Executive Officer and 1 Personal Secretary I posts, and other operational expenditure. Since other officers involved in related work also take up other duties, we are unable to provide separate breakdowns on their number, rank, personal emoluments and other operational expenditure.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)251****(Question Serial No. 5413)**

Head: (96) Government Secretariat: Overseas Economic and Trade Offices

Subhead (No. & title): (-) -

Programme: (1) Commercial Relations, (2) Public Relations, (3) Investment Promotion

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Government states that there are three programmes under the overseas Economic and Trade Offices (ETOs), namely (1) Commercial Relations, (2) Public Relations and (3) Investment Promotion. In this connection, will the Government inform this Committee of the estimated expenditures and manpower for each of the 13 overseas ETOs set up in Brussels, Geneva, Berlin, London, New York, San Francisco, Washington, Jakarta, Singapore, Sydney, Tokyo, Toronto and Seoul (will commence operation soon) under each of the three programmes and other work areas based on the table given?

Names of the overseas ETOs	Estimated Expenditure and Manpower under Programme (1)	Estimated Expenditure and Manpower under Programme (2)	Estimated Expenditure and Manpower under Programme (3)	Estimated Expenditure and Manpower (unclassified or shared)	Total Estimated Expenditure and Manpower
Brussels					
Geneva					
London					
Berlin					
New York					
San Francisco					

Names of the overseas ETOs	Estimated Expenditure and Manpower under Programme (1)	Estimated Expenditure and Manpower under Programme (2)	Estimated Expenditure and Manpower under Programme (3)	Estimated Expenditure and Manpower (unclassified or shared)	Total Estimated Expenditure and Manpower
Washington					
Jakarta					
Singapore					
Sydney					
Tokyo					
Toronto					
Seoul					
Shared or unclassified					
Total Expenditure					

Asked by: Hon YIU Chung-yim (Member Question No. 127)

Reply:

At present, there are 12 Hong Kong Economic and Trade Offices (ETOs) overseas. In 2017-18, the estimated operational expenses for the 3 programmes (i.e. Programme 1: Commercial Relations; Programme 2: Public Relations; and Programme 3: Investment Promotion) and the estimated establishment of the existing overseas ETOs are as follows –

ETOs	Programme (1) 2017-18 Estimate Subhead 000 Operational Expenses ⁽¹⁾ (\$ million)	Programme (2) 2017-18 Estimate Subhead 000 Operational Expenses ⁽¹⁾ (\$ million)	Programme (3) 2017-18 Estimate Subhead 000 Operational Expenses ⁽¹⁾ (\$ million)	2017/18 Estimated Establishment
Brussels	18.6	20.2	6.8	18
Geneva	38.4	2.2	_ ⁽²⁾	15
Berlin	13.2	12.5	6.4	4
London	15.7	15.0	7.7	18
New York	10.5	13.5	10.3	14

ETOs	Programme (1) 2017-18 Estimate Subhead 000 Operational Expenses ⁽¹⁾ (\$ million)	Programme (2) 2017-18 Estimate Subhead 000 Operational Expenses ⁽¹⁾ (\$ million)	Programme (3) 2017-18 Estimate Subhead 000 Operational Expenses ⁽¹⁾ (\$ million)	2017/18 Estimated Establishment
San Francisco	10.4	10.1	8.6	16
Washington	25.3	16.4	— ⁽²⁾	18
Jakarta	9.1	8.8	4.5	13
Singapore	10.8	10.4	5.3	11
Sydney	10.9	11.8	4.0	11
Tokyo	17.3	16.3	8.5	14
Toronto	8.3	8.0	4.1	11
Total ⁽²⁾	188.5	145.2	66.2	163

Note:

- (1) Operational expenses include personal emoluments and general operational expenditures, etc.
- (2) The principal function of the Geneva ETO is to represent Hong Kong, China as a Member of the World Trade Organization, while the Washington ETO is mainly responsible for closely monitoring political and economic developments in the United States of America and reporting to Hong Kong on legislative proposals, government policies, executive actions, etc. that may affect Hong Kong. Therefore, these two ETOs do not conduct investment promotion work.

We have reserved \$24.25 million in the 2017-18 estimate as the Seoul ETO's estimated annual expenditure, including personal emoluments and general operational expenditures, etc. As the Seoul ETO is yet to be set up, we are unable to provide a breakdown of the estimated annual expenditure for the 3 programmes.

Besides, the estimated establishment of these ETOs is 163 in 2017-18. In addition to 4 Hong Kong-based staff posts reserved for the Seoul ETO under preparation, the total estimated establishment is 167. The general breakdown of the establishment among the three programmes is worked out based on the core duties of the posts for budgetary purpose. Since most of the ETO staff are required to take up duties in various work areas, we are unable to accurately provide a breakdown of the establishment by programme.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)252

(Question Serial No. 3705)

Head: (31) Customs and Excise Department

Subhead (No. & title): (000) Operational expenses

Programme: (3) Intellectual Property Rights and Consumer Protection

Controlling Officer: Commissioner of Customs and Excise (Roy TANG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

1. In the past 5 years, how many cases relating to online selling of intellectual property right (IPR) infringing goods were detected by the Customs and Excise Department (C&ED)? What were the values and types of the goods? How many persons were involved?
2. How many cases of IPR infringement were reported in each of the past 5 years? What was the number of cases with investigation completed in each of the past 5 years? What are the estimated number of staff and expenditure involved in the investigation of IPR infringement cases in 2017-2018?
3. What are the estimates of C&ED for upgrading its capability in the investigation of Internet and electronic crimes relating to IPR infringement in 2017-2018?
4. What are the estimates of C&ED for promoting public and traders' awareness of IPR and consumer protection legislation through publicity programmes in 2017-2018?
5. Please provide the expenditures and number of staff involved in the implementation of the Trade Descriptions (Unfair Trade Practices) (Amendment) Ordinance 2012 by C&ED, the Commerce and Economic Development Bureau (CEDB) and other parties concerned in 2017-2018, as well as the estimated expenditures and number of staff involved in the implementation of the Trade Descriptions (Unfair Trade Practices) (Amendment) Ordinance 2012 by C&ED, CEDB and other parties concerned in 2017-2018.
6. In the past 5 years, what were the actual expenditure, number of staff and number of prosecution involved in the investigation of false claims on health products by C&ED? In 2017-2018, what will be the actual expenditure and number of staff involved in the investigation of false claims on health products by the Department?

Asked by: Hon CHAN Tanya (Member Question No. 535)

Reply:

1. Details of the online IPR infringing cases detected by C&ED over the past 5 years are as follows:

	2012	2013	2014	2015	2016
Number of cases	64	162	184	200	201
Number of persons arrested	79	190	202	248	234
Total value of seizures (the goods involved were mostly clothing, watches and accessories)	\$1 million	\$2.48 million	\$2.47 million	\$3 million	\$1.8 million

2. In 2017-18, a total of 190 C&ED officers will be deployed to the prevention and detection of IPR infringement, involving an expenditure of \$81.15 million. The number of cases investigated by C&ED over the past 5 years is as follows:

	2012	2013	2014	2015	2016
Number of cases investigated	1 399	1 625	1 954	1 892	1 599
Number of cases completed*	3 244	8 309	1 913	1 577	1 546

Note: * As some of the cases were reported in the past years, the number of cases completed may be larger than that received in the same year.

3. C&ED has been closely monitoring the latest trend of IPR infringing activities on the Internet and the related electronic crimes, and makes timely review of enforcement effectiveness. C&ED has redeployed internal resources to set up three dedicated “Anti-Internet-Piracy Teams” for the relevant enforcement work; establish the “Electronic Crime Investigation Centre” to enhance the capabilities of frontline officers in online investigation and evidence collection; and develop four online monitoring systems to better monitor and combat online IPR infringing activities, including the “SocNet” system, which was launched in 2015 to focus on and combat the selling of IPR infringing articles through social media platforms. This year, C&ED plans to redeploy internal resources to develop a “Big Data Analytics System” to analyse information collected from various Internet platforms with a view to detecting the latest trend of online infringement and enhancing enforcement efficiency. In 2017-18, C&ED does not have any plans to increase the expenditure and manpower for enforcement in this area, but will continue to take action against IPR offences through flexible deployment of existing resources and manpower. The expenditure on system maintenance in 2017-18 is estimated to be about \$1.06 million.

4. In 2017-18, C&ED will continue to enhance public awareness of IPR and consumer protection through various channels, including seminars and thematic talks organised in collaboration with the Intellectual Property Department, the Consumer Council, industry associations and major chambers of commerce from time to time. Moreover, publicity and education activities will also be organised to raise the community’s awareness of IPR and

consumer protection. As the expenditure involved has been subsumed within the Department's provisions, it is difficult to quantify such expenditure separately.

5. and 6. Over the past 5 years, a total of 29 cases involving false claims on health products in contravention of the Trade Descriptions Ordinance (the Ordinance) were detected by C&ED, with 23 companies and 7 persons prosecuted. In 2017-18, C&ED will deploy 190 officers to carry out the enforcement work under the Ordinance, involving an expenditure of \$92.83 million. The manpower and expenditure concerned cannot be broken down by category of goods.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)253****(Question Serial No. 6858)**Head: (31) Customs and Excise DepartmentSubhead (No. & title): (000) Operational expensesProgramme: (3) Intellectual Property Rights and Consumer ProtectionControlling Officer: Commissioner of Customs and Excise (Roy TANG)Director of Bureau: Secretary for Commerce and Economic DevelopmentQuestion:

In respect of the complaints against unfair trade practices, would the Government please advise this Committee of:

(a) The number of reports on unfair trade practices received from the public and the amount of money involved in the cases reported in each of the past 3 years. Please provide a breakdown by year and industries involved;

(b) The number of enforcement actions taken by the Customs and Excise Department based on the reports on unfair trade practices as well as the number of persons arrested in the past 3 years. Please provide a breakdown by year and industries involved; and

(c) The number of prosecution cases, number of persons prosecuted and number of persons convicted in respect of unfair trade practices in the past 3 years. Please provide a breakdown by year and industries involved.

Asked by: Hon CHAN Tanya (Member Question No. 92)Reply:

(a), (b) & (c) Statistics on the Customs and Excise Department's enforcement of the Trade Descriptions Ordinance in the past 3 years are as follows:

Category of figures	2014	2015	2016
Number of complaints	6 447	6 088	7 260
Number of cases investigated	701	168	144
Number of persons arrested	64	125	105

Category of figures	2014	2015	2016
Number of prosecution cases	74	112	71
Number of conviction (company/individual)	76	126	71
Amount of money involved in the convicted cases	\$16.5 to \$1,333,591	\$12.9 to \$796,253	\$42 to \$288,000
Examples of industries to which the convicted traders belong	Ginseng products and dried seafood/ Chinese medicines and drugs, food and beverage, beauty and hairdressing products and services, health food and products	Ginseng products and dried seafood/ Chinese medicines and drugs, beauty and hairdressing products and services, food and beverage, supermarkets, educational services	Ginseng products and dried seafood/ Chinese medicines and drugs, electrical & electronic goods retailers, food and beverage, educational services

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)254****(Question Serial No. 6859)**Head: (31) Customs and Excise DepartmentSubhead (No. & title): (000) Operational expensesProgramme: (3) Intellectual Property Rights and Consumer ProtectionControlling Officer: Commissioner of Customs and Excise (Roy TANG)Director of Bureau: Secretary for Commerce and Economic DevelopmentQuestion:

Regarding public understanding of unfair trade practices, would the Government please advise this Committee of the following:

(a) In the past 3 years, how many reports on unfair trade practices from the public were received by the Customs and Excise Department (C&ED)? How many cases were successfully followed up by C&ED? Please provide a breakdown by year.

(b) Will C&ED launch more promotional campaigns in 2017-18 to enhance public understanding of the definition and concept of unfair trade practices so as to increase the effectiveness of the reporting mechanism? If yes, what are the work plan and estimated expenditure? If no, what are the reasons?

Asked by: Hon CHAN Tanya (Member Question No. 93)Reply:

(a) Statistics on the Customs and Excise Department (C&ED)'s enforcement of the Trade Descriptions Ordinance in the past 3 years are as follows:

Category of figures	2014	2015	2016
Number of complaints	6 447	6 088	7 260
Number of cases investigated	701	168	144
Number of persons arrested	64	125	105
Number of prosecution cases	74	112	71
Number of conviction (company/individual)	76	126	71

(b) C&ED has always endeavoured to enhance public awareness of consumer protection through various channels, including seminars and thematic talks organised in collaboration with the Consumer Council, industry associations and major chambers of commerce from time to time. Moreover, C&ED will continue to organise publicity and education activities to raise the community's awareness of consumer rights. As the expenditure involved has been subsumed within the Department's provisions, it is difficult to quantify the expenditure separately.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)255****(Question Serial No. 1791)**Head: (31) Customs and Excise DepartmentSubhead (No. & title): ()Programme: (3) Intellectual Property Rights and Consumer ProtectionControlling Officer: Commissioner of Customs and Excise (Roy TANG)Director of Bureau: Secretary for Commerce and Economic DevelopmentQuestion:

What were the expenditure, manpower provision and number of operations involved in preventing and detecting copyright infringing articles and trade mark infringement in 2016-17? How many of these involved online sale of infringing goods? What were the values of articles seized in the operations? How many cases were successfully prosecuted and what were the penalties imposed? Has there been an increasing trend of copyright and trade mark infringement in recent years, especially for online sale of infringing goods? Regarding the matters requiring special attention in 2017-18, the Customs and Excise Department will continue to strengthen the co-operative alliance with the industries and enforcement agencies in detecting online sale of infringing goods. How much expenditure will be involved? Will online surveillance be conducted? What is the expected effectiveness of the work?

Asked by: Hon CHUNG Kwok-pan (Member Question No. 23)Reply:

In 2016-17, there were 191 officers in the Customs and Excise Department (C&ED) who were specialized in preventing and detecting intellectual property rights (IPR) crimes, involving an expenditure on salary provision of about \$81.42 million. In 2016, C&ED conducted 10 operations every week on average. Details of the cases detected are as follows:

Number of cases (Internet IPR crime)	845 cases (201 cases)
Total value of articles seized (Internet IPR crime)	\$160 million (\$1.8 million)
Number of successful prosecutions (Internet IPR crime) (Note)	451 cases (165 cases)
Penalties imposed by the Court	Fine: \$500 – \$100,000; Community service order : 30 – 240 hours; Imprisonment: 7 days – 16 months

Note: Concluded in 2016

As a result of continuous and vigorous enforcement actions, IPR infringing activities in the local market have reduced significantly as compared with previous years, but selling IPR infringing goods online has been shifting from auction sites to social media platforms and online community marketplaces.

C&ED has been closely monitoring the latest trend of IPR infringing activities on the Internet and the related electronic crimes, and makes timely review of enforcement effectiveness. Over the past few years, C&ED has redeployed internal resources to set up three dedicated “Anti-Internet-Piracy Teams” for the relevant enforcement work; establish the “Electronic Crime Investigation Centre” to enhance the capabilities of frontline officers in online investigation and evidence collection; and develop four online monitoring systems to better monitor and combat online IPR infringing activities, including the “SocNet” system, which was launched in 2015 to focus on and combat the selling of IPR infringing articles through social media platforms. This year, C&ED plans to redeploy internal resources to develop a Big Data Analytics System to analyse information collected from various Internet platforms with a view to detecting the latest trend of online infringement and enhancing enforcement efficiency. In 2017-18, C&ED does not have any plans to increase the expenditure and manpower for enforcement in this area, but will continue to take action against IPR offences through flexible deployment of existing resources and manpower. The expenditure on system maintenance in 2017-18 is estimated to be about \$1.06 million.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)256****(Question Serial No. 1839)**Head: (31) Customs and Excise DepartmentSubhead (No. & title): ()Programme: (3) Intellectual Property Rights and Consumer ProtectionControlling Officer: Commissioner of Customs and Excise (Roy TANG)Director of Bureau: Secretary for Commerce and Economic DevelopmentQuestion:

It is mentioned under this Programme that the Customs and Excise Department (C&ED) is responsible for suppressing offences related to forged trade marks, false trade descriptions and unfair trade practices under the Trade Descriptions Ordinance (Cap. 362). In this respect, would the Government inform this Committee of:

(a.) the number of complaints against fitness centres/yoga centres received by C&ED and the figures on prosecution and conviction in the past 3 years, as well as the major offences involved in the prosecution cases; and

(b.) It is mentioned under this Programme that C&ED will strengthen enforcement actions against false trade descriptions and unfair trade practices in respect of both goods and services in 2017-18. Specifically, what are the details of such work? What are the establishment of staff and expenditures involved?

Asked by: Hon HO Kai-ming (Member Question No. 25)Reply:

(a) In the past 3 years, the number of consumer complaints received by the Customs and Excise Department (C&ED) against fitness centres or yoga centres alleging breaches of the Trade Descriptions Ordinance (TDO) are as follows:

	2014	2015	2016
Number of complaints	111	237	1 867 (Note)

(Note) Among the complaints received, 1 672 were against the closure of 1 chain fitness centre.

The complaints mainly allege traders of deploying unfair trade practices such as wrongly accepting payment, aggressive commercial practices and false trade descriptions. As at present, C&ED has arrested a total of 11 people in connection with three cases for further

investigation, and has prosecuted two people in connection with one case involving a fitness centre.

(b) C&ED will continue to actively enforce the TDO by adopting a three-pronged approach, including enforcement, compliance promotion as well as public education and publicity, in order to protect consumers through suppression of common unfair trade practices at source. C&ED will also step up targeted inspections against high-risk products and shops under repeated complaints and exchange information with the Consumer Council.

On enforcement, C&ED has taken active steps to handle complaints by conducting in-depth investigations and collecting relevant evidence, as well as taking appropriate enforcement actions on the basis of the facts and evidence of individual cases. Apart from this, C&ED also carries out proactive inspections, including undercover ones, as necessary to suspected offending shops through risk and intelligence assessments.

On compliance promotion, C&ED has so far held more than 140 seminars for various industries to help raise their practitioners' awareness of the TDO, remind them of the importance of complying with the fair trading provisions, and urge the management to take appropriate measures to avoid unscrupulous trade practices.

On public education, in collaboration with the Consumer Council, C&ED has been promoting the message of smart shopping to the general public through various media.

In 2017-18, 190 officers of C&ED will be deployed for carrying out the enforcement work under the TDO. The estimated expenditure involved will be \$92.83 million.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)257

(Question Serial No. 3238)

Head: (31) Customs and Excise Department

Subhead (No. & title): (000) Operational expenses

Programme: (3) Intellectual Property Rights and Consumer Protection

Controlling Officer: Commissioner of Customs and Excise (Roy TANG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

As mentioned in Matters Requiring Special Attention in 2017-18, continuous efforts will be made to upgrade the capability in the investigation of Internet and electronic crimes relating to infringement of intellectual property rights. In this connection, please answer the following questions:

1. What measures are being taken by the Customs and Excise Department (C&ED) to combat Internet and electronic crimes relating to infringement of intellectual property rights?
2. In the past 5 years, what measures and programmes did C&ED put in place to upgrade the capability in investigating the aforesaid electronic crimes? What were the expenditures involved?

Asked by: Hon MA Fung-kwok (Member Question No. 9)

Reply:

C&ED has been closely monitoring the latest trend of intellectual property rights (IPR) infringements on the Internet and related electronic crimes, and makes timely review of the enforcement effectiveness. As early as in 2000, C&ED redeployed internal resources to set up three dedicated "Anti-Internet Piracy Teams" for the relevant enforcement work. Between 2007 and 2015, four online monitoring systems were developed to better monitor and combat online IPR infringing activities. Among them, the "SocNet" system helps to focus on and combat the selling of IPR infringing articles through social media platforms. In 2013, the "Electronic Crime Investigation Centre" was established to further enhance the capabilities of frontline officers in online investigation and evidence collection. Over the past five years, C&ED has allocated \$8.2 million to upgrade the relevant capabilities in investigation and enforcement, including \$4 million on the "Electronic Crime Investigation

Centre” and \$4.2 million on the development of the online monitoring systems and relevant maintenance expenses.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)258****(Question Serial No. 2081)**Head: (31) Customs and Excise DepartmentSubhead (No. & title): (000) Operational expensesProgramme: (3) Intellectual Property Rights and Consumer ProtectionControlling Officer: Commissioner of Customs and Excise (Roy TANG)Director of Bureau: Secretary for Commerce and Economic DevelopmentQuestion:

In respect of prevention and detection of copyright and trade mark infringement, please advise this Committee on the following:

(a) What were the numbers of infringing activities on the Internet detected; the products involved and their market values; the numbers of persons arrested, prosecuted and convicted; as well as the maximum and minimum penalties imposed in each of the past 5 years? (Please list the above information by year)

(b) Regarding stepping up law enforcement and publicity education related to intellectual property rights (IPR), what will be the Government's future work plans and timetables as well as the expenditures and manpower involved?

Asked by: Hon NG Wing-ka, Jimmy (Member Question No. 3)Reply:

Details of the online intellectual property rights (IPR) infringement cases detected by the Customs and Excise Department (C&ED) over the past 5 years are as follows:

	2012	2013	2014	2015	2016
Number of cases	64	162	184	200	201
Number of persons arrested	79	190	202	248	234
Total value of seizures (mostly clothing, watches and accessories)	\$1 million	\$2.48 million	\$2.47 million	\$3 million	\$1.8 million

	2012	2013	2014	2015	2016
Number of persons convicted (Note)	52	114	168	188	175
Amount of fines	\$500-\$20,000	\$500-\$20,000	\$500-\$60,000	\$50-\$20,000	\$500-\$60,000
Length of community service order	80-160 hours	70-180 hours	60-160 hours	60-180 hours	30-160 hours
Term of imprisonment	14 days-6 months	14 days-6 months	7 days-4 months	2 to 5 months	7 days-8 months

Note: Cases concluded during the year.

C&ED has been closely monitoring the latest trend of IPR infringing activities on the Internet and the related electronic crimes, and makes timely review of enforcement effectiveness. Over the past few years, C&ED has redeployed internal resources to set up three dedicated “Anti-Internet-Piracy Teams” for the relevant enforcement work; establish the “Electronic Crime Investigation Centre” to enhance the capabilities of frontline officers in online investigation and evidence collection; and develop four online monitoring systems to better monitor and combat online IPR infringing activities, including the “SocNet” system, which was launched in 2015 to focus on and combat the selling of IPR infringing articles through social media platforms. This year, C&ED plans to redeploy internal resources to develop a Big Data Analytics System to analyse information collected from various Internet platforms with a view to detecting the latest trend of online infringement and enhancing enforcement efficiency. In 2017-18, C&ED does not have any plans to increase the expenditure and manpower for enforcement in this area, but will continue to take action against IPR offences through flexible deployment of existing resources and manpower. The expenditure on system maintenance in 2017-18 is estimated to be about \$1.06 million.

C&ED enhances public awareness of IPR protection through various channels, including IPR-related seminars and thematic talks organised in collaboration with the Intellectual Property Department, the Consumer Council, industry associations and major chambers of commerce from time to time. C&ED will continue to organise publicity and education activities to raise the community’s awareness of IPR protection. As the expenditure involved has been subsumed within the department’s provisions, it is difficult to quantify such expenditure separately.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)259

(Question Serial No. 2217)

Head: (31) Customs and Excise Department

Subhead (No. & title): ()

Programme: (3) Intellectual Property Rights and Consumer Protection

Controlling Officer: Commissioner of Customs and Excise (Roy TANG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Government has set the indicator in respect of the number of spot checks on consumer goods safety at 1 400 in 2017. Would the Government advise this Committee on the following:

1. On what basis does the Government set the target at 1 400?
2. What are the categories of the items for spot checks and how many spot checks are conducted by the Government each month currently?
3. What is the establishment of staff involved in the above operations?

Asked by: Hon QUAT Elizabeth (Member Question No. 9)

Reply:

1. The numbers of spot checks on consumer goods safety conducted by the Customs and Excise Department (C&ED) in the past 3 years were 1 146, 1 439 and 1 460 respectively. With reference to its enforcement experience and the risk assessments conducted on various consumer goods available in the market, the Department has set the indicator in respect of the number of spot checks on consumer goods safety at 1 400 in 2017.
2. The consumer goods on which spot checks were conducted by C&ED in the past year include personal care products, cosmetics, clothing and footwear, electronic goods, household products, furniture, stationery, kitchenware and tableware. Around 120 spot checks were conducted each month on average.
3. In 2017-18, there are 19 C&ED officers responsible for the enforcement of the Consumer Goods Safety Ordinance.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)260

(Question Serial No. 1759)

Head: (31) Customs and Excise Department

Subhead (No. & title): ()

Programme: (3) Intellectual Property Rights and Consumer Protection

Controlling Officer: Commissioner of Customs and Excise (Roy TANG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The number of staff for Programme (3) was 487 in the last financial year, while the estimated number of staff is 541 for this year:

1. What are the establishment, rank, scope of work and total expenditure of the additional staff? What are the existing and additional manpower deployed for intellectual property rights and consumer protection respectively?
2. What were the respective manpower and expenditure involved in enforcing the Toys and Children's Products Safety Ordinance, the Weights and Measures Ordinance, the Consumer Goods Safety Ordinance and the Trade Descriptions Ordinance in each of the past 3 years? What are the estimated manpower and expenditure for the enforcement of the ordinances in 2017?

Asked by: Hon WAN Siu-kin, Andrew (Member Question No. 27)

Reply:

1. The Customs and Excise Department (C&ED) reviews its manpower situation and redeploys internal resources from time to time, so as to ensure sufficient manpower for performing its duties. Having regard to operational needs, the number of staff under Programme (3) in 2016-17 has been revised from the original estimate of 487 to 541, and the estimated number of staff under Programme (3) in 2017-18 is also maintained at 541.

2. The manpower and expenditure involved in the enforcement of the related consumer protection legislation by C&ED are as follows:

Ordinance	Category	Year			
		2014/15	2015/16	2016/17	2017/18
Trade Descriptions Ordinance	Manpower for enforcement	187	190	190	190
	Expenditure involved (\$ million)	87.6	95.1	92.85	92.83
Weights and Measures Ordinance	Manpower for enforcement	21	21	21	22
	Expenditure involved (\$ million)	9.37	9.79	10.25	10.6
Consumer Goods Safety Ordinance	Manpower for enforcement	19	19	19	19
	Expenditure involved (\$ million)	8.72	9.12	9.54	9.54
Toys and Children's Products Safety Ordinance	Manpower for enforcement	16	16	16	16
	Expenditure involved (\$ million)	7.75	8.11	8.48	8.48

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)261****(Question Serial No. 1765)**Head: (31) Customs and Excise DepartmentSubhead (No. & title): ()Programme: (3) Intellectual Property Rights and Consumer ProtectionControlling Officer: Commissioner of Customs and Excise (Roy TANG)Director of Bureau: Secretary for Commerce and Economic DevelopmentQuestion:

Regarding consumer protection:

1. In relation to the enforcement of the Trade Descriptions Ordinance and the other 3 ordinances on consumer protection, what are the (a) number of complaint cases received by the Customs and Excise Department (C&ED), (b) number of prosecution cases, (c) number of conviction, (d) maximum penalty of convicted individual/company, and (e) average penalty imposed in the past 3 years?
2. Please provide the number of (a) complaints received by C&ED, (b) prosecution cases, and (c) conviction by grouping into common offences under the Trade Descriptions Ordinance, including false trade descriptions, misleading omissions and aggressive commercial practices in the past 3 years.

Asked by: Hon WAN Siu-kin, Andrew (Member Question No. 28)Reply:

1. Figures and information on the enforcement of consumer protection legislation by the Customs and Excise Department (C&ED) in the past three years are as follows:

Ordinance	Breakdown of figures and information	2014	2015	2016
Trade Descriptions Ordinance (TDO)	Number of complaint cases	6 447	6 088	7 260
	Number of prosecution cases	74	112	71
	Number of conviction (company/individual)	76	126	71

Ordinance	Breakdown of figures and information		2014	2015	2016
	Maximum Penalty	Fine	\$152,000	\$67,800	\$100,000
		Imprisonment	4 months' imprisonment (suspended for 3 years)	3 months' imprisonment	2 months' imprisonment and a compensation of \$28,160 to the victim
	Average fine*		\$16,057	\$10,996	\$12,807
Weights and Measures Ordinance	Number of complaint cases		649	588	588
	Number of prosecution cases		59	42	28
	Number of conviction (company/individual)		62	46	29
	Maximum penalty		\$10,000	\$15,000	\$10,000
	Average fine*		\$2,936	\$3,852	\$3,957
Consumer Goods Safety Ordinance	Number of complaint cases		172	165	129
	Number of prosecution cases		7	12	13
	Number of conviction (company/individual)		7	13	13
	Maximum penalty		\$50,000	\$12,000	\$28,000
	Average fine*		\$17,060	\$6,500	\$17,823
Toys and Children's Products Safety Ordinance	Number of complaint cases		50	38	31
	Number of prosecution cases		9	5	1
	Number of conviction (company/individual)		9	5	1
	Maximum penalty		\$9,000	\$8,000	\$2,000
	Average fine*		\$5,500	\$7,600	\$2,000

* The average amount of fine imposed in cases where a fine was handed down.

2. Figures on the enforcement of the TDO by C&ED in the past three years are as follows:

Offence	Breakdown of relevant figures	2014	2015	2016
False trade descriptions	Number of complaint cases	3 434	3 947	4 476
	Number of prosecution cases	28	59	36
	Number of conviction (company/individual)	32	66	40

Offence	Breakdown of relevant figures	2014	2015	2016
Misleading omissions	Number of complaint cases	884	752	332
	Number of prosecution cases	5	12	6
	Number of conviction (company/individual)	4	10	8
Aggressive commercial practices	Number of complaint cases	151	254	191
	Number of prosecution cases	2	1	3
	Number of conviction (company/individual)	0	3	1
Bait advertising	Number of complaint cases	72	27	15
	Number of prosecution cases	0	0	1
	Number of conviction (company/individual)	–	–	0
Bait and switch	Number of complaint cases	24	25	11
	Number of prosecution cases	0	0	0
	Number of conviction (company/individual)	–	–	–
Wrongly accepting payment	Number of complaint cases	1 817	1 023	2 197
	Number of prosecution cases	0	1	1
	Number of conviction (company/individual)	–	1	0
Other offences under the TDO [^]	Number of complaint cases	65	60	38
	Number of prosecution cases	39	39	24
	Number of conviction (company/individual)	40	46	22

[^] Such as sections 4, 9 and 12 of the TDO.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)262

(Question Serial No. 1768)

Head: (31) Customs and Excise Department

Subhead (No. & title): (-) -

Programme: (3) Intellectual Property Rights and Consumer Protection

Controlling Officer: Commissioner of Customs and Excise (Roy TANG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

In respect of the trend of “online shopping” (which includes group buying and online buying) in recent years, unfair trade practices were often involved and some group buying companies have even closed down their businesses suddenly:

1. Has the Customs and Excise Department (C&ED) conducted “undercover” operations or any other forms of surveillance? If yes, what were the expenditures and manpower involved?
2. How many complaints against “online shopping” were received by C&ED annually in the past 3 years? How many cases were dealt with by prosecution? How many persons were convicted?
3. Given that many online shops are non-locally registered companies, what enforcement actions are taken by C&ED to tackle the problem?
4. In view of the sudden closure of group buying companies, would C&ED and the related policy bureau consider setting up a fund like the “Travel Industry Compensation Fund” to make compensation to members of the public affected?

Asked by: Hon WAN Siu-kin, Andrew (Member Question No. 29)

Reply:

1. The Trade Descriptions Ordinance (TDO) is equally applicable to the trade practices of online traders and physical stores. As far as online trade practices are concerned, the Customs and Excise Department (C&ED)’s enforcement actions include cyber patrol and online test-buy operations.

In 2017-18, 190 officers of C&ED would be deployed for carrying out the enforcement work under the TDO, involving an estimated expenditure of \$92.83 million. Since officers responsible for surveillance also perform other enforcement duties at the same time, it is difficult to separately quantify the expenditure involved.

2. The number of complaints against “online shopping” received by C&ED and the related enforcement statistics for the past 3 years are as follows:

	2014	2015	2016
Number of complaint cases	487	296	586
Number of prosecution cases	2	2	4
Number of conviction (company/individual)	2	2	3

3. If local or overseas websites are found to be offering unlawful or intellectual property right infringing articles for sale, C&ED may demand such websites to remove the relevant contents or links. It will also mount joint operations with overseas enforcement agencies as and when required.

4. The Commerce and Economic Development Bureau and C&ED currently have no plan to set up a compensation fund in respect of group buying. The Government will continue to monitor the development of online shopping platforms.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)263

(Question Serial No. 1770)

Head: (31) Customs and Excise Department
Subhead: (000) Operational expenses
Programme: (3) Intellectual Property Rights and Consumer Protection
Controlling Officer: Commissioner of Customs and Excise (Roy TANG)
Director of Bureau: Secretary for Commerce and Economic Development

Question:

Regarding the matters requiring special attention in 2016-17, what are the details of “upgrading the capability in the investigation of Internet and electronic crimes relating to infringement of intellectual property rights”? Is there any manpower dedicated to investigations on illegal internet activities? If yes, what are the establishment of staff and expenditure involved?

Asked by: Hon WAN Siu-kin, Andrew (Member Question No. 31)

Reply:

The Customs and Excise Department (C&ED) has been closely monitoring the latest trend of intellectual property rights (IPR) infringing activities on the Internet and related electronic crimes, and makes timely review of the enforcement effectiveness. Over the past few years, C&ED has redeployed internal resources to set up three dedicated “Anti-Internet-Piracy Teams” for the relevant enforcement work; establish the “Electronic Crime Investigation Centre” to enhance the capabilities of frontline officers in online investigation and evidence collection; and develop four online monitoring systems to better monitor and combat online IPR infringing activities, including the “SocNet” system, which was launched in 2015 to focus on and combat the selling of IPR infringing articles through social media platforms. This year, C&ED plans to redeploy internal resources to develop a Big Data Analytics System to analyse information collected from various Internet platforms with a view to detecting the latest trend of online infringement and enhancing enforcement efficiency.

Currently, C&ED has an establishment of 45 officers dedicated to combating IPR infringing activities on the Internet, involving an expenditure on salary provision of about \$18.75 million.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)264****(Question Serial No. 1800)**Head: (31) Customs and Excise DepartmentSubhead (No. & title): (000) Operational expensesProgramme: (3) Intellectual Property Rights and Consumer ProtectionControlling Officer: Commissioner of Customs and Excise (Roy TANG)Director of Bureau: Secretary for Commerce and Economic DevelopmentQuestion:

In respect of the trend of selling infringing articles by young people through the internet and instant applications in recent years:

1. How many complaints were made to the Customs and Excise Department (C&ED) in each of the past 3 years? What were the numbers of prosecution and conviction?
2. Did C&ED carry out any education and publicity programmes in each of the past 3 years? If yes, what were the details (e.g. mode of publicity, expenditures, etc.)?
3. Does C&ED have any publicity programme in the coming year? If yes, what will be the mode of publicity as well as the manpower and expenditures involved?

Asked by: Hon WAN Siu-kin, Andrew (Member Question No. 30)Reply:

Details of the complaints received against intellectual property rights (IPR) infringing activities on the Internet and the cases detected in this respect by the C&ED over the past 3 years are as follows:

	2014	2015	2016
Number of complaints received	829	1 579	1 461
Number of investigation files opened [Note (1)]	485	581	496
Number of cases	184	200	201
Number of persons arrested	202	248	234
Number of persons convicted [Note (2)]	168	188	175

	2014	2015	2016
Amount of fines	\$500- \$60,000	\$50- \$20,000	\$500- \$60,000
Length of community service order	60-160 hours	60-180 hours	30-160 hours
Term of imprisonment	7 days- 4 months	2-5 months	7 days- 8 months

Note: (1) Since different complaints may involve the same website, web link or Internet account, C&ED would consolidate complaints in relation to the same or similar issues (e.g. complaints against the same website, web link or Internet account) into a single file for investigation.

(2) Cases concluded during the year.

C&ED enhances public awareness of IPR protection through various channels, including IPR-related seminars and thematic talks organised in collaboration with the Intellectual Property Department (IPD), the Consumer Council, industry associations and major chambers of commerce from time to time. C&ED will continue to organise publicity and education activities to raise the community's awareness of IPR protection.

Over the past 3 years, C&ED and related organisations carried out publicity and education targeted at youngsters, which included organising IPR-related talks, exchange programmes, training courses, workshops and competitions. During the same period, a TV Announcement in Public Interest was jointly produced by C&ED and IPD and published on popular local auction websites, discussion forums and social media platforms. In the future, C&ED will continue to launch different kinds of publicity and education activities in collaboration with related organisations in order to enhance awareness of IPR protection among the public, especially the youngsters. As the expenditure involved has been subsumed within C&ED's provisions, it is difficult to quantify such expenditure separately.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)265

(Question Serial No. 0666)

Head: (31) Customs and Excise Department

Subhead (No. & title): (000) Operational expenses

Programme: (3) Intellectual Property Rights and Consumer Protection

Controlling Officer: Commissioner of Customs and Excise (Roy TANG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

1. The relevant department will upgrade the capability in the investigation of Internet and electronic crimes relating to infringement of intellectual property rights (IPR).

Are the existing resources sufficient for the relevant investigation? What actual assistance will the Government provide to strengthen the capability in the investigation and how much expenditure is expected to be required? Of the additional manpower allocated this year, how much will be deployed to perform this duty?

Asked by: Hon WONG Ting-kwong (Member Question No. 13)

Reply:

The Customs and Excise Department (C&ED) has been closely monitoring the latest trend of intellectual property rights (IPR) infringing activities on the Internet and the related electronic crimes, and makes timely review of enforcement effectiveness. Over the past few years, C&ED has redeployed internal resources to set up three dedicated "Anti-Internet-Piracy Teams" for the relevant enforcement work; establish the "Electronic Crime Investigation Centre" to enhance the capabilities of frontline officers in online investigation and evidence collection; and develop four online monitoring systems to better monitor and combat online IPR infringing activities, including the "SocNet" system, which was launched in 2015 to focus on and combat the selling of IPR infringing articles through social media platforms.

This year, C&ED plans to redeploy internal resources to develop a Big Data Analytics System to analyse information collected from various Internet platforms with a view to detecting the latest trend of online infringement and enhancing enforcement efficiency. In 2017-18, C&ED does not have any plans to increase the expenditure and manpower for enforcement in this area, but will continue to take action against IPR offences through flexible deployment of existing resources and manpower. The expenditure on system maintenance in 2017-18 is estimated to be about \$1.06 million.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)266

(Question Serial No. 0947)

Head: (31) Customs and Excise Department

Subhead (No. & title): (-) -

Programme: (1) Control and Enforcement

Controlling Officer: Commissioner of Customs and Excise (Roy TANG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Regarding the work to improve clearance services to facilitate efficient cargo flow across the boundary, please advise this Committee on the following:

1. The latest update on the promotion of the Road Cargo System and the number of registered users broken down by account type;
2. The latest progress of the interconnection of Hong Kong Customs' Intermodal Transshipment Facilitation Scheme and Mainland's Speedy Customs Clearance system, and the further measures to be implemented to enhance seamless cross-boundary clearance with the Mainland;
3. The latest progress of the implementation of the Hong Kong Authorised Economic Operator Programme, the number of participating companies and the current situation of signing mutual recognition arrangements with overseas countries/cities; and
4. The details and estimates in respect of the work to facilitate cargo flow across the boundary in 2017-18 and whether new measures will be introduced.

Asked by: Hon YICK Chi-ming, Frankie (Member Question No. 43)

Reply:

1. The Road Cargo System (ROCARS) has been operating smoothly since its full implementation. The Customs and Excise Department (C&ED) has been liaising with industry users to ensure the provision of efficient and reliable services for the trading and logistics industries. As at the end of February 2017, a total of 32 612 users were registered for the system, including 8 673 shippers, 3 707 shippers-cum-freight forwarders, 2 113 freight forwarders and 18 119 truck drivers.

2. Hong Kong Customs and the Guangdong Customs officially launched the Single E-lock Scheme (the Scheme) on 28 March 2016. Under the Scheme, the Hong Kong Customs' Intermodal Transshipment Facilitation Scheme is connected with the Mainland's Speedy Customs Clearance System to build a green logistics corridor between Hong Kong and Guangdong, which helps streamline clearance formalities and expedite cargo transshipment. Since its commencement, the Scheme has been running smoothly, and the number of Mainland clearance points has increased by 11 (or 50%) to 33. C&ED will continue to actively promote and publicise the Scheme, and will explore ways to extend the coverage of the Scheme through further increasing the number of Mainland clearance points in collaboration with the Mainland Customs.

3. At present, 37 companies have been accredited as Authorised Economic Operators. The mutual recognition arrangements (MRA) that Hong Kong has signed with the Mainland, India, Korea, Singapore, Thailand, Malaysia and Japan respectively are becoming operational. Besides, Hong Kong is also set to enter into an MRA with Australia in 2017. In the future, the Department will endeavour to negotiate MRAs with other major trading partners as well as economies along the Belt and Road.

4. C&ED will continue to upgrade the functions of ROCARS to provide stable and reliable services for shippers and truck drivers. In collaboration with the Mainland Customs, C&ED will continue to further the development of the Single E-lock Scheme and explore more diversified measures to facilitate customs clearance. Furthermore, C&ED will strengthen facilitation measures for enabling traders to enjoy preferential tariff on goods transhipped between the Mainland and her trading partners through Hong Kong. This will in turn reinforce Hong Kong's advantage as a logistics hub in the region. As these duties are part of the overall work of C&ED, it is hard to quantify the expenditure separately.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)267****(Question Serial No. 1064)**Head: (31) Customs and Excise DepartmentSubhead (No. & title): ()Programme: (3) Intellectual Property Rights and Consumer ProtectionControlling Officer: Commissioner of Customs and Excise (Roy TANG)Director of Bureau: Secretary for Commerce and Economic DevelopmentQuestion:

(1) Could the Government tabulate the number of complaints received, complaints substantiated and successful prosecution cases regarding the contravention of the Trade Descriptions Ordinance in the past 3 years? Among the complaints received, how many were lodged by tourists visiting Hong Kong?

Year	Number of complaints received	Number of complaints substantiated	Number of successful prosecution cases	Number of complaints lodged by tourists
2014				
2015				
2016				

(2) What specific measures, such as undercover operations, will the Government take to accord priority to the complaints lodged by tourists visiting Hong Kong in order to ensure their consumer rights are protected during their stay in Hong Kong?

Asked by: Hon YIU Si-wing (Member Question No. 19)

Reply:

(1) Information on the enforcement of the Trade Descriptions Ordinance (TDO) by the Customs and Excise Department (C&ED) in the past three years is as follows:

Year	Number of complaints received	Number of complaints filed for investigation	Number of prosecution cases	Number of conviction (company/individual)	Number of complaints lodged by tourists visiting Hong Kong
2014	6 447	701	74	76	553
2015	6 088	168	112	126	488
2016	7 260	144	71	71	241

(2) C&ED will continue to actively enforce the TDO by adopting a three-pronged approach, including enforcement, compliance promotion as well as public education and publicity, in order to protect consumers through combating common unfair trade practices at source.

On enforcement, C&ED has taken active steps to handle complaints by conducting in-depth investigations and collecting relevant evidence. In addition, to ensure traders' compliance with the law, C&ED conducts different forms of patrols and targets high-risk products and shops under repeated complaints, including undercover operations in which officers pose as customers to perform inspection and investigation.

In addition, C&ED has set up a “Quick Response Team” to expedite the handling of complaints on suspected contravention of the TDO filed by short-term visitors during their stay in Hong Kong. Upon receiving complaints from these visitors, the Quick Response Team will be deployed to the shops concerned promptly for investigation and evidence collection as well as providing immediate assistance to the visitors.

During festive seasons such as the Lunar New Year and the National Day Golden Week, C&ED officers will distribute pamphlets at various popular tourist shopping areas to enhance tourists' understanding on unfair trade practices, so as to raise their awareness on self –protection, and to inform them that they may seek assistance from C&ED when aggrieved by such practices.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)268

(Question Serial No. 1879)

Head: (78) Intellectual Property Department

Subhead (No. & title): ()

Programme: (2) Protection of Intellectual Property

Controlling Officer: Director of Intellectual Property (LEUNG Ka-lai, Ada)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is stated in the Matters Requiring Special Attention in 2017-18 under this Programme that the Intellectual Property Department will organise promotion and education activities specially for SMEs with emphasis placed on IP protection and management. Would the Government please inform this Committee of the details of, expenditure incurred for and manpower required for implementing this initiative. Please also advise this Committee on the effectiveness of the work in this area in recent years.

Asked by: Hon CHUNG Kwok-pan (Member Question No. 29)

Reply:

Small and medium enterprises (SMEs) remain a prime target of IPD's promotion and education efforts. Through activities such as seminars and exhibitions organised by IPD or in collaboration with other organisations, we will continue to help SMEs understand the importance of protecting their intellectual property (IP) rights and to raise their awareness of innovation and IP trading. Moreover, to tie in with the promotion of Hong Kong as a premier IP trading hub in the region, we will assist SMEs to enhance their competitiveness through IP management and IP commercialisation, so as to make use of the opportunities brought by IP trading. In 2017-18, the programmes that IPD will carry out in Hong Kong and targeting SMEs include:

- (i) continuing to implement the "IP Manager Scheme" and provide training courses and relevant information for IP managers. IPD also organises "Practical Workshops for IP Managers" regularly in order to encourage and assist IP managers to effectively protect and manage IP assets in their enterprises, and to integrate IP commercialisation and IP trading into their overall business strategy;

- (ii) continuing to implement the free “IP Consultation Service Scheme” with the Law Society of Hong Kong to provide face-to-face consultation service for SMEs, with a view to enhancing SMEs’ understanding of IP and assisting them in developing effective IP management and commercialisation strategies;
- (iii) working with partners with expertise in IP transactions and legal knowledge to compile a booklet containing basic practical guidelines on two areas, namely “IP audit” (management for day-to-day business) and “IP due diligence” (due diligence for IP transactions), which is expected to be made available in the first half of this year;
- (iv) continuing to update and enrich the content of the dedicated website “Hong Kong - The IP Trading Hub” (www.ip.gov.hk) in order to facilitate local SMEs and other stakeholders in obtaining the latest information on IP trading;
- (v) continuing to co-organise the “Business of IP Asia Forum” with the Hong Kong Trade Development Council and the Hong Kong Design Centre;
- (vi) participating actively in major exhibitions and seminars for SMEs held in Hong Kong, such as the “Entrepreneur Day”, “Hong Kong International Licensing Show”, and exhibitions held in parallel with the “Business of IP Asia Forum”;
- (vii) co-organising promotion activities, such as seminars and exchange activities, with various business associations, to brief SMEs on the latest information on IPR as well as issues on the protection and management of IPR, and distributing relevant booklets at these events;
- (viii) continuing to sponsor and promote training courses on IP-related subjects organised by professional bodies and business organisations, so as to nurture talent;
- (ix) carrying out a survey to understand the manpower situation in respect of IP trading and management, identify skillset requirements and training needs, and conduct manpower forecast, etc. IPD plans to complete the survey in the first quarter of 2018;
- (x) continuing to promote IP trading and support services through different channels, including newspapers, websites, exhibitions, seminars and business associations;
- (xi) continuing to produce and promote videos on success stories of IP commercialisation to enhance public awareness of IP trading and cross-sector co-operation and to enable SMEs to understand the advantages and opportunities brought by IP trading; and

- (xii) continuing to co-operate with the relevant Mainland authorities and various international and overseas IP organisations to promote the concept of IP trading and IP commercialisation.

To help the business sector (including SMEs, business associations, IP intermediaries, etc.) strengthen protection and management of their IPR on the Mainland, IPD maintains close co-operation with the Mainland authorities responsible for IP protection. In 2017-18, activities that IPD will organise include:

- (i) continuing to co-organise the “Mainland, Hong Kong SAR and Macao SAR Intellectual Property Symposium” with the State Intellectual Property Office and the Macao Economic Services of the Macao SAR Government to keep the business sector abreast of the latest development of IP protection and IP trading in the three places; and
- (ii) continuing to co-organise activities with the IP authorities of the Guangdong Province under the framework of the “Guangdong/Hong Kong Expert Group on the Protection of Intellectual Property Rights” to promote IP creation, exploitation, protection and trading in the two places as well as the development of IP industry. Activities will include organising thematic seminars, and updating and enriching the content of the “Intellectual Property Database for Guangdong, Hong Kong and Macao” (www.ip-prd.net) as well as the “Guangdong/Hong Kong IP Co-operation Corner”, “Mainland Enterprises Corner” and “Mainland and Hong Kong Trademark Column” on IPD’s website (www.ipd.gov.hk), with a view to providing the business sector with information about IP protection, management and trading in Guangdong, Hong Kong and Macao, including laws and regulations, registration procedures, law enforcement, and promotion and education activities. IPD will also continue to organise thematic exchange activities to enable the business sector to establish contact with the IP authorities and business sector on the Mainland, with a view to enhancing the understanding of IP management and trading in the two places and fostering mutual co-operation on IP trading.

In 2017-18, the above initiatives will be funded by an allocation of around \$6.9 million set aside by the Bureau for promoting Hong Kong as an IP trading hub in the region, as well as IPD’s existing resources for IP publicity, promotion and education activities the sum of which is subsumed under the overall departmental provision and hence difficult to quantify.

As for manpower resources, the implementation of the above measures is mainly undertaken by one Chief Intellectual Property Examiner and ten existing staff members of the Marketing Division (MD) who are also responsible for implementing IPD’s overall IP promotion and public education programmes. To strengthen the overall support and manpower capacity of MD, IPD will create one Intellectual Property Examiner II post thereat in 2017-18, and the total salary provision for the post is \$0.45 million annually.

Regarding the effectiveness of the above work, apart from maintaining liaison with the business sector and stakeholders, IPD collects feedback from participants of the relevant promotion and education activities to evaluate the effectiveness of these activities and draw up appropriate promotion strategies and programme plans. In 2016-17, IPD participated in

four exhibitions; and the seminars, public lectures, workshops, exchange activities, training programmes and consultation services organised by IPD attracted about 1 800 participants and were well received.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)269

(Question Serial No. 3418)

Head: (78) Intellectual Property Department

Subhead (No. & title): ()

Programme: Not Specified

Controlling Officer: Director of Intellectual Property (LEUNG Ka-lai, Ada)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Regarding outsourcing of service in your department, please inform this Committee of the following in respect of the past 3 years:

1. the total number of outsourced service staff employed by your department and the percentage of outsourced service staff against the total number of staff with the same types of duties in your department;
2. the total expenditure on staff of your department; the total amount paid to outsourced service providers; and the percentage of amount paid to outsourced service providers against the total expenditure on staff of your department; and
3. the nature of your department's outsourced services and the duration of the relevant contracts.

In addition, according to the Government's guidelines for tendering of outsourced services revised last year, if the procured service relies heavily on the deployment of non-skilled workers, and a marking scheme for assessing the tenders is adopted, the procuring department, when assessing the tenders, should include in the assessment criteria the evaluation of tenderers' proposed wage rates and working hours for non-skilled workers. In this regard, please inform this Committee of the following:

1. the current number of outsourced service contracts involving a large number of non-skilled workers awarded by your department since implementation of the guidelines;
2. the departments which have adjusted their assessment criteria in respect of wage rates and working hours for the outsourced service contracts involving a large number of non-skilled workers in the light of the new guidelines since their implementation; how your department has made adjustment; and if no relevant information is available, the reasons for it;

3. whether there have been any rises in the average wage rates for workers in the contracts of outsourced services that rely heavily on deployment of non-skilled workers since the implementation of the guidelines; if yes, the number of contracts with rises in wage rates; if no relevant information is available, the reasons for it;
4. your department's measures to evaluate the effectiveness of the new tendering guidelines;
5. whether your department is required to adopt the existing mechanism of two-envelope assessment of the technical and price aspects when evaluating tenders for contracts of outsourced service; if no, the number of contracts awarded without adopting the existing mechanism of two-envelope assessment of the technical and price aspects in the past 3 years;
6. the annual numbers of cases of government service contractors breaching the service contracts, the Employment Ordinance or the Occupational Safety and Health Ordinance as revealed by the inspections conducted by your department, and the annual numbers of complaints lodged by the outsourced service staff;
7. the details of follow-up actions on the aforementioned non-compliance and complaint cases; and
8. the number and details of cases involving contractors being punished for non-compliance or sustained complaints.

Asked by: LEUNG Yiu-chung (Member Question No. 111)

Reply:

Part I

(1) – (3) In the past three years, the Intellectual Property Department (IPD) awarded an information technology system support and maintenance contract, as well as an office operation support services contract. Both contracts were 5 years in duration, and commenced on 1 December 2014.¹ The two contracts involved an average total of 57 outsourced service staff each year, which accounted for 88.7% of the total number of staff performing the same types of duties in IPD. The total expenditure on in-house IPD staff and the total amount paid to outsourced service providers in the past three years by IPD were about \$319 million and \$45 million respectively. The percentage of amount paid to the outsourced service providers against the total expenditure on in-house IPD staff is about 14%.

Part II

(1) – (4) The aforementioned outsourced service contracts do not involve the engagement of non-skilled workers, and IPD has no such outsourcing plans. Thus, the guidelines issued by the Government in 2016 for tendering of outsourced services that rely heavily on the deployment of non-skilled workers are not applicable.

(5) When evaluating tenders for contracts of outsourced service, IPD follows the procedures as laid down in the Government's Stores and Procurement Regulations in determining the evaluation criteria. If it is considered necessary to use the marking scheme, IPD will request the tenderers to adopt a two-envelope approach in submitting tenders, and evaluate the technical and price aspects of the tenders separately.

(6) – (8) IPD has not received any complaint lodged by outsourced service staff against the service contractor for breach of the service contract, the Employment Ordinance or the Occupational Safety and Health Ordinance.

¹ Outsourced services cover only non-core services of IPD.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)270

(Question Serial No. 3436)

Head: (78) Intellectual Property Department

Subhead (No. & title): ()

Programme: Not Specified

Controlling Officer: Director of Intellectual Property (LEUNG Ka-lai, Ada)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Does your department provide sign language interpretation services? If yes, what are the manpower and staff expenditure involved? If no, what are the reasons?

Asked by: Hon LEUNG Yiu-chung (Member Question No. 167)

Reply:

The Intellectual Property Department will, having regard to service need, arrange sign language interpretation services through related service providers. These services are not directly provided by our staff, hence there are no related manpower and staff expenditure under Head 78.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)271

(Question Serial No. 0398)

Head: (78) Intellectual Property Department

Subhead (No. & title): ()

Programme: (2) Protection of Intellectual Property

Controlling Officer: Director of Intellectual Property (LEUNG Ka-lai, Ada)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is mentioned in the Programme of the Intellectual Property Department that Hong Kong can be developed as an IP trading hub in the region by setting up an original grant patent system, organising training courses and forging ahead with various promotion campaigns. However, it is estimated that only 2 posts will be created in the coming year to take up these additional duties, the increase of which is significantly less than that in the past. What are the reasons for this? Please advise the number of staff that will be engaged in duties related to these training and promotion activities in the coming 3 years and the estimated expenditure involved.

Asked by: Hon LIAO Cheung-kong, Martin (Member Question No. 13)

Reply:

The Intellectual Property Department (IPD) has been working in full swing with stakeholders to implement the initiative of promoting the development of Hong Kong as an intellectual property (IP) trading hub in the region. Regarding capacity building, IPD has been implementing the "IP Manager Scheme" since May 2015, providing training courses and relevant information for IP managers. From April 2016 onwards, IPD organises "Practical Workshops for IP Managers" regularly to encourage and assist IP managers to effectively protect and manage IP assets in their enterprises, and to integrate IP commercialisation and IP trading into their overall business strategy. IPD also sponsors and promotes training courses on IP-related subjects organised by professional bodies and business organisations to support the development of IP-related services in the industry and nurture talent.

In addition, IPD commissioned a survey in January this year, with a view to understanding the manpower situation involved in IP trading and management, identifying skillset requirements and training needs, conducting manpower forecast, etc. IPD plans to complete the survey in the first quarter of 2018. IPD is also working with partners with expertise in IP transactions and legal knowledge to compile and publish a booklet containing basic practical guidelines in two areas, namely "IP audit" (management for

day-to-day business) and “IP due diligence” (due diligence for IP transactions), which is expected to be made available in the first half of this year.

For promotion and publicity activities, the programmes that IPD plans to carry out include:

- (a) continuing to update and enrich the content of the dedicated website “Hong Kong - The IP Trading Hub” (www.ip.gov.hk) in order to facilitate local SMEs and other stakeholders in obtaining the latest information on IP trading;
- (b) continuing to co-organise the “Business of IP Asia Forum” with the Hong Kong Trade Development Council and the Hong Kong Design Centre;
- (c) participating actively in major exhibitions and seminars for SMEs held in Hong Kong, such as the “Entrepreneur Day”, “Hong Kong International Licensing Show”, and the exhibition held in parallel with the “Business of IP Asia Forum”;
- (d) co-organising promotion activities, such as seminars and exchange activities, with various business associations, to brief SMEs on the latest information on IP rights as well as issues on the protection and management of IP rights, and distributing relevant booklets at these events;
- (e) continuing to promote IP trading and support services through different channels, including newspapers, websites, exhibitions, seminars and business associations;
- (f) continuing to produce and promote videos on the success stories of IP trading to showcase local enterprises that have successfully expanded their business through IP commercialization, so as to enhance public awareness of IP trading and cross-sector co-operation and to enable SMEs to understand the advantages and opportunities brought by IP trading; and
- (g) continuing to co-operate with the relevant Mainland authorities and various international and overseas IP organisations to promote the concept of IP trading and IP commercialisation.

At present, the aforementioned work is mainly undertaken by one Chief Intellectual Property Examiner and ten existing staff members of the Marketing Division (MD) who are also responsible for implementing IPD’s overall IP promotion and public education programmes. To strengthen the overall support and manpower capacity of MD, IPD will create one Intellectual Property Examiner II post thereat in 2017-18, and the total salary provision for the post is \$0.45 million annually.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)272

(Question Serial No. 4882)

Head: (78) Intellectual Property Department

Subhead (No. & title): ()

Programme: (2) Protection of Intellectual Property

Controlling Officer: Director of Intellectual Property (LEUNG Ka-lai, Ada)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

With regard to the promotion of awareness of intellectual property (IP) rights, please advise this Committee of:

- (a) the public promotion and education activities organised by the Government in 2015-16 and 2016-17 for the promotion of awareness as well as the importance of copyright protection, in particular copyright protection in a digital environment, and the expenditure involved; and
- (b) the Government's work plan in 2017-18 for promoting awareness as well as the importance of copyright protection, in particular copyright protection in a digital environment. Is the work plan directed at any target groups and if so, who, and what is the expenditure involved?

Asked by: Hon MA Fung-kwok (Member Question No. 72)

Reply:

- (a) The Intellectual Property Department (IPD) attaches great importance to promotion and education work concerning enhancing public awareness of and respect for intellectual property (IP) rights. IPD respectively launched the "No Fakes Pledge" Scheme (which encourages retail merchants to pledge not to sell counterfeit and pirated products) and the "I Pledge" Campaign (which encourages consumers not to buy or use pirated and counterfeit goods) as early as in 1998 and 1999. On the promotion of the awareness and importance of copyright protection (including copyright protection in the digital environment), IPD produces relevant Announcements of Public Interest from time to time. We also organise and operate interactive drama programmes for schools with the theme of respecting IP rights on the Internet, interactive tutorial websites, visits to primary and secondary schools as well as seminars in tertiary institutions to spread the messages of respecting creativity, stopping online infringement, protecting copyright, etc. Furthermore, we collaborate

with various organisations in conducting and supporting a wide range of promotion and education activities to disseminate the message of respecting, protecting and managing IP rights to the public through different channels, such as talks, concerts, creative competitions and promotion videos. The relevant expenditure for such promotional activities in 2015-16 and 2016-17 was about \$8.5 million and \$9.5 million respectively.

- (b) In 2017-18, IPD will continue with its promotion and education work, and the estimated expenditure is about \$9 million. Our work plan targeting at young people includes -
- i) organising the “I Pledge Live Band Festival” for members of the “I Pledge” Campaign in 2017;
 - ii) placing supplements in local newspapers targeted at students in April 2017;
 - iii) organising promotion activities on copyright protection targeted at tertiary students; and
 - iv) collaborating with youth organisations in organising activities which encourage original creations.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)273

(Question Serial No. 5124)

Head: (78) Intellectual Property Department

Subhead (No. & title): ()

Programme: (2) Protection of Intellectual Property

Controlling Officer: Director of Intellectual Property (LEUNG Ka-lai, Ada)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

- (1) When will the next review on Hong Kong's copyright regime and legislation take place in order to catch up with technology developments, keep pace with international trends and ensure that the regime can meet the actual needs of Hong Kong? What are the schedule of work, expenditure, resources requirement and staff cost for conducting the relevant legal and policy research?
- (2) Whether a public consultation will be conducted again? If yes, what are the schedule of work, expenditure, resources requirement and staff cost for the consultation? If no, what are the reasons?

Asked by: Hon MOK Charles Peter (Member Question No. 65)

Reply:

The Government reviews Hong Kong's copyright regime from time to time with a view to keeping abreast of technological developments and international legal norms, meeting Hong Kong's needs in economic development, growth of the creative industries and development of a knowledge-based economy, and maintaining and enhancing Hong Kong's competitiveness in the world arena. We will consider the various issues that are of concern to stakeholders with an open mind, make reference to copyright reviews of other jurisdictions and progress of international copyright treaties, and carry out legal and policy research. For instance, we are studying the requirements of the Marrakesh Treaty to Facilitate Access to Published Works for Persons Who Are Blind, Visually Impaired or Otherwise Print Disabled¹ and the copyright exceptions currently available to facilitate persons with print disabilities under the Copyright Ordinance (Chapter 528). Any legislative proposal must be balanced and based on the best overall interest of Hong Kong. As is the established practice, we will consult the public before any new legislative proposal is introduced.

At the Commerce and Economic Development Bureau, copyright-related work is chiefly handled by a Deputy Secretary, a Principal Assistant Secretary and an Assistant Secretary.

At the Intellectual Property Department, the relevant legal work comes under the Copyright Team, which comprises four lawyers, viz. an Assistant Director of Intellectual Property and three Senior Solicitors. As workload in relation to copyright is subsumed in the existing provision of the Government, and review of copyright issues is only part of the work of the relevant staff, it is difficult to quantify the resources required.

¹ Administered by the World Intellectual Property Organization.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)274

(Question Serial No. 2106)

Head: (78) Intellectual Property Department

Subhead (No. & title): ()

Programme: (2) Protection of Intellectual Property

Controlling Officer: Director of Intellectual Property (LEUNG Ka-lai, Ada)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is stated in Matters Requiring Special Attention in 2017-18 under Programme (2) "Protection of Intellectual Property" that the Intellectual Property Department will support the business community in strengthening their intellectual property (IP) protection and management in the Mainland through the Guangdong/Hong Kong Expert Group on the Protection of IP Rights. In the meantime, the Expert Group indicated at the meeting held in August last year that the number of co-operation items between Guangdong and Hong Kong would be increased to 24 in the coming year. In this connection, please inform this Committee of the details of the plan to support the business community in strengthening their IP protection and management in the Mainland. What are the 24 co-operation items between Guangdong and Hong Kong in the coming year? What are the details and time table?

Asked by: Hon NG Wing-ka, Jimmy (Member Question No. 33)

Reply:

To assist the business sector (including small and medium enterprises (SMEs), business associations, IP intermediaries, etc.) in strengthening protection and management of their IP rights on the Mainland, the Intellectual Property Department (IPD) has maintained close co-operation with the IP authorities of the Guangdong Province under the Framework of the "Guangdong/Hong Kong Expert Group on the Protection of IP Rights" (Expert Group) since 2003. At the meeting of the Expert Group held in August last year, both sides agreed to increase the number of co-operation items between Guangdong and Hong Kong to 24 in 2016-17 to deepen the co-operation between Guangdong and Hong Kong in areas such as cross-boundary protection, IP trading, exchanges and deliberations, guidance services, promotion and education, experience sharing among industry players, etc. Co-operation items that chiefly target the business sector include:

- (i) continuing to organise the “Business of IP Asia Forum” with the Hong Kong Trade Development Council and the Hong Kong Design Centre in December 2016 to promote IP exploitation and trading to enterprises. The 2017 edition will be held on 7 and 8 December;
- (ii) organising the “Guangdong/Hong Kong Seminar on IP and Development of SMEs” in June 2017 to share insights on how to promote the development of industries through IP exploitation;
- (iii) continuing to support Hong Kong-invested enterprises in Guangdong in applying for Guangdong Provincial Famous Trademarks to enhance trademark management in enterprises;
- (iv) enhancing the understanding among Hong Kong-invested enterprises in Guangdong of the system of the Mainland customs in protecting IP rights and encouraging enterprises to file recordation of the details of their IP rights with the General Administration of Customs;
- (v) organising thematic exchange activities, which include an exchange programme on copyright trading between Guangdong and Hong Kong copyright industries, and the strengthening of exchanges and co-operation between the industries in both places in the fields of e-commerce, trademarks and high-end IP services, so as to enable the Hong Kong business sector to establish contacts with the IP authorities and business sector on the Mainland, and to enhance the understanding of IP management and trading in the two places and foster mutual co-operation on IP trading; and
- (vi) continuing to update and enrich the content of the “Intellectual Property Database for Guangdong, Hong Kong and Macao” (www.ip-prd.net) as well as the “Guangdong/Hong Kong IP Co-operation Corner”, “Mainland Enterprises Corner” and “Mainland and Hong Kong Trademark Column” on IPD’s website (www.ipd.gov.hk), with a view to providing the business sector with information about IP protection, management and trading in Guangdong, Hong Kong and Macao, including laws and regulations, registration procedures, law enforcement, and promotion and education activities.

The remaining co-operation items for carrying out within the year cover other different areas. They include refining the Guangdong/Hong Kong co-ordination mechanism for IP information exchange and IP-related cases; refining the co-ordination mechanism for cases related to trademarks, copyright, etc. and the related law enforcement actions; exploring ways to crack down on infringement activities conducted through the postal express means; assisting Hong Kong candidates in enrolling in the National Qualification Examination for Patent Agents; and taking forward the “No Fakes Pledge” Scheme.

The 24 co-operation items for 2016-17 are expected to be completed in the coming months. Co-operation items for 2017-18 will be agreed at the next Expert Group meeting.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)275

(Question Serial No. 2107)

Head: (78) Intellectual Property Department

Subhead (No. & title): ()

Programme: (2) Protection of Intellectual Property

Controlling Officer: Director of Intellectual Property (LEUNG Ka-lai, Ada)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is stated in Matters Requiring Special Attention in 2017-18 under Programme (2) "Protection of Intellectual Property" that the Intellectual Property Department (IPD) will continue to play a proactive role in the Asia-Pacific Economic Cooperation (APEC) and the Trade-Related Aspects of IP Rights Council of the World Trade Organization, and, through such institutions, to provide appropriate technical assistance to developing and least-developed economies overseas. Meanwhile, the Secretary for Commerce and Economic Development reiterated last month his objective to develop Hong Kong as an intellectual property (IP) trading hub. Please inform this Committee of the IPD's specific plan and time table regarding the objective. Will it co-operate with other government departments in order to achieve the objective? If yes, what are the details? If no, what are the reasons?

Asked by: Hon NG Wing-ka, Jimmy (Member Question No. 34)

Reply:

In March 2015, the Working Group on IP Trading released a report with 28 recommended measures to position and promote Hong Kong as the premier IP trading hub in Asia. The recommended action framework comprises four strategic areas, namely (I) enhancing the IP protection regime; (II) supporting IP creation and exploitation; (III) fostering IP intermediary services and manpower capacity; and (IV) pursuing promotion, education and external collaboration efforts. One of the recommended measures under strategic area (IV) is that Hong Kong should "seek positive opportunities to cooperate with Mainland China, overseas and international IP authorities and organisations".

IPD has been actively participating in international IP conferences and meetings such as those organised by the World Trade Organization (WTO), the World Intellectual Property Organization (WIPO) and APEC. As a full WTO Member, Hong Kong has been participating in meetings of the Council for Trade-Related Aspects of Intellectual Property

Rights and Trade Policy Review meetings. The Director of Intellectual Property attends the annual meetings of the Assemblies of the Member States held by WIPO as a member of the Chinese delegation. IPD has also taken part in APEC's Intellectual Property Experts Group to foster and promote the interests of Hong Kong on IP and related issues. IPD will continue to participate in these international conferences and meetings to provide views and technical assistance on issues of concern.

At the APEC Intellectual Property Experts Group level, IPD is now working in collaboration with the IP authorities of Mexico and the Republic of Korea, with a view to organising a two-day workshop in mid-2018 in Hong Kong to explore the best practices on IP licensing for small and medium enterprises (SMEs) engaged in creative industries as well as encourage SMEs in Hong Kong and in the region to enhance their competitiveness through IP commercialisation and trading. At the workshop, IPD will brief participants on the latest development of IP trading in Hong Kong. We will also promote the advantages of and opportunities for engaging in IP trading in Hong Kong so as to establish Hong Kong's position as an IP trading hub in the region.

In addition, IPD plans to organise workshops on border enforcement and co-operation related to trademarks in 2017-18 in collaboration with the Customs and Excise Department and other APEC member economies to enhance border enforcement against trademark infringement activities in the region.

IPD will also continue to co-operate with relevant IP authorities on the Mainland to promote the development of IP trading in Hong Kong.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)276

(Question Serial No. 5349)

Head: (78) Intellectual Property Department

Subhead (No. & title): ()

Programme: (2) Protection of Intellectual Property

Controlling Officer: Director of Intellectual Property (LEUNG Ka-lai, Ada)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

In the past 3 years, what were the expenditure and manpower on promoting modes of copyright licensing other than “All rights reserved”, which facilitate the sharing of intellectual property rights, for example, the more relaxed copyright licensing modes such as Creative Commons licence, for promoting the development of derivative creative industries? What is the estimated expenditure in 2017-18?

Asked by: Hon YIU Chung-yim (Member Question No. 125)

Reply:

Copyright is an automatic right protected by the Copyright Ordinance (Chapter 528). It arises when a work is created. A copyright owner enjoys exclusive rights including copying the work, issuing copies of the work to the public and performing the work in the public. The Intellectual Property Department (IPD) encourages copyright owners to facilitate users in using their copyright works through different modes including Creative Commons licences so as to foster the development of derivative creative industries. Over the past 3 years, the content of IPD's official website, the interactive drama programmes and talks held in schools and non-profit-making organisations covered modes of copyright licensing under Creative Commons licences. In 2017-18, IPD will continue organising a wide range of activities to promote the overall awareness of and respect for IP rights using its existing provisions, and the estimated expenditure in this regard is about \$9 million, which is about the same as in the previous years. As the promotion activities cover a very broad range of content, it is difficult to quantify the specific expenditure and manpower for the work.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)277

(Question Serial No. 1684)

Head: (79) Invest Hong Kong

Subhead (No. & title): (-) -

Programme: Investment Promotion

Controlling Officer: Director-General of Investment Promotion (Acting) (Ho Siu Hong, Francis)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Under Matters Requiring Special Attention in 2017-18, it is stated that Invest Hong Kong (InvestHK) will, inter alia, continue to focus investment promotion efforts on the priority sectors, with an emphasis on financial services, transport and logistics as well as information and communications technology sectors. What are the specific measures and expenditure involved? How was the effectiveness of the promotion efforts in the last financial year? What was the expenditure involved? Please provide the figures in respect of key priority sectors.

Asked by: Hon CHUNG Kwok-pan (Member Question No. 14)

Reply:

In 2017-18, Invest Hong Kong (“InvestHK”) will continue to adopt a sector-focused approach in attracting overseas, Mainland and Taiwan companies in priority sectors and industries where Hong Kong has a clear competitive edge through its global network of Investment Promotion Units and overseas consultants. Specific target industries include financial services, transport and logistics as well as innovation and technology. It will also continue to forge close partnership with other organisations responsible for promoting Hong Kong overseas, including the Economic and Trade Offices, the Hong Kong Trade Development Council, Hong Kong Tourism Board, Hong Kong Science and Technology Parks Corporation, Cyberport and Create Hong Kong through regular meetings and joint promotion events, as well as to organise sector-focused receptions and sponsor major local and overseas events, with a view to promoting the business opportunities in these priority sectors. In 2016, InvestHK completed a total of 391 investment projects, including 50 investment projects from financial services, 28 from transport and logistics and 53 from innovation and technology.

InvestHK will continue to reach out to companies in various sectors, and to provide supporting services to companies which have interest to start or expand business in Hong Kong. In 2016-17, the estimated actual expenditure for organising and sponsoring sector-focused events is around \$3.7 million while the estimated expenditure in 2017-18 is similar to that in 2016-17. The figure does not include staff cost or general marketing and promotion expenses which cannot be separately quantified.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)278

(Question Serial No. 1818)

Head: (79) Invest Hong Kong

Subhead (No. & title): (-) -

Programme: Investment Promotion

Controlling Officer: Director-General of Investment Promotion (Acting) (Ho Siu Hong, Francis)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is stated in Matters Requiring Special Attention in 2017-18 under this Programme that Invest Hong Kong will, inter alia, continue to attract global start-ups to set up business in Hong Kong and to promote Hong Kong as a leading hub for start-ups and entrepreneurship. Please advise this Committee of the effectiveness of such work in the past year. What was the expenditure involved? Which global start-ups were attracted to Hong Kong to start their business? What are the specific work plans for the new financial year? How will Invest Hong Kong promote Hong Kong as a leading hub for start-ups and entrepreneurship? What is the promotion focus and what types of trades are expected to be attracted to Hong Kong for development? What is the estimated expenditure?

Asked by: Hon CHUNG Kwok-pan (Member Question No. 36)

Reply:

Invest Hong Kong (“InvestHK”) launched its StartmeupHK programme in 2013 to provide a one-stop service platform to global start-ups. The objective of the initiative is to promote Hong Kong as a leading hub for entrepreneurship, and to encourage innovative and scalable start-ups to use Hong Kong as a launch pad to grow their businesses.

In 2016, InvestHK assisted 35 innovation-driven and technology-driven start-ups to set up their business operations in Hong Kong. They come from different sectors including information and communications technology, consumer products, innovation and technology, etc.

To showcase the vibrant environment of Hong Kong as a leading hub for start-ups, InvestHK hosted the StartmeupHK Festival 2017 (“the Festival”) on 16 to 20 in January 2017 where a series of thematic conferences and pitching events covering areas in which Hong Kong has a distinct competitive advantage, such as financial technology (fintech),

smart city and Internet of things (IoT), health technology and retail and fashion technologies, were held. The Festival attracted over 5 000 participants. In 2017-18, InvestHK will continue to organise the Festival covering different verticals.

In addition, InvestHK will continue to step up its outreach work to start-up communities in other locations through attendance and sponsorship of international events, regular meetings with multipliers such as incubators, accelerators and co-work spaces, direct contact with entrepreneurs, hosting its own events and working in conjunction with Economic and Trade Offices and organisations such as Cyberport, Hong Kong Science and Technology Parks Corporation to promote Hong Kong as a major start-up hub.

In 2017-18, InvestHK plans to stage/sponsor start-up events in San Francisco, London, Lisbon, Vienna and Singapore to reach out to potential entrepreneurs.

The estimated actual expenditure for conducting the related investment promotion activities for 2016-17 is around \$5.8 million; while the estimated expenditure for 2017-18 is around \$5.9 million. The figures do not include staff cost and general marketing and promotion expenses which cannot be separately quantified.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)279

(Question Serial No. 1867)

Head: (79) Invest Hong Kong

Subhead (No. & title): (-) -

Programme: Investment Promotion

Controlling Officer: Director-General of Investment Promotion (Acting) (Ho Siu Hong, Francis)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Under Matters Requiring Special Attention in 2017-18, it is stated that Invest Hong Kong will, inter alia, “continue with investment promotion efforts in attracting multinational companies to set up their global or regional operations in Hong Kong, in particular on the Mainland, in Taiwan and other emerging markets including those along the Belt and Road”. Would the Government inform this Committee of the effectiveness of such work in 2016-17 and the expenditure involved? Please provide specific figures or cases for illustration. What are the specific plans for the new financial year? How much funding will be allocated to implement the related measures? What is the expected outcome?

Asked by: Hon CHUNG Kwok-pan (Member Question No. 40)

Reply:

Invest Hong Kong (“InvestHK”) conducts marketing campaigns and seminars as well as investment promotion visits, in order to attract and assist more companies from the Mainland, Taiwan and emerging markets (including markets along the Belt and Road) to set up or expand their business operations in Hong Kong. In 2016, InvestHK assisted 134 companies from the Mainland, Taiwan and emerging markets (including Russia, India, the Association of Southeast Asian Nations (“ASEAN”), Middle East and South America).

On the Mainland market, InvestHK has been partnering with the Ministry of Commerce of the Central People’s Government and other relevant local authorities such as provincial or municipal bureaux of commerce as well as local industrial and commercial organisations to conduct investment promotion seminars in the Mainland, with a view to introducing to the business sector there the competitive edges of Hong Kong. In 2016, these seminars were held in major Mainland cities including Beijing, Xian, Tianjin, Chongqing, Xiamen, Wuhan, Changzhou and Baotao. We also partnered with the Hong Kong Trade Development Council and other organisations to participate in major trade fairs and

conferences held in the Mainland, such as the China International Fair for Investment and Trade in Xiamen. Furthermore, we organised two study missions in Hong Kong for Mainland enterprises and conducted briefing sessions for nearly 40 incoming Mainland delegations on Hong Kong's investment environment.

In 2016, InvestHK continued to attract inward investment from Taiwan through its investment promotion unit in the Hong Kong Economic, Trade and Cultural Office in Taipei. Its work included organising promotion campaigns and seminars in partnership with different business associations in Taiwan, and maintaining close liaison with Taiwan business organisations and businessmen in Hong Kong to support their expansion plans.

To better seize the business opportunities arising from emerging markets, InvestHK started engaging a consultant in Thailand since April 2016 to strengthen its investment promotion efforts in Thailand. The department also plans to set up an Investment Promotion Unit in Jakarta in 2017-18 to further strengthen its investment promotion work in ASEAN. Moreover, we have conducted seminars in economies along the Belt and Road (including Malaysia, India and the Philippines) to promote the business advantages of Hong Kong.

In 2017-18, InvestHK will continue its efforts in reaching out to potential companies through marketing campaigns, seminars and investment promotion visits. The estimated expenditure is \$8.8 million. The figure does not include staff cost or general marketing and promotion expenses which cannot be separately quantified.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)280

(Question Serial No. 2165)

Head: (79) Invest Hong Kong

Subhead (No. & title): (-) -

Programme: Investment Promotion

Controlling Officer: Director-General of Investment Promotion (Acting) (Ho Siu Hong, Francis)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

This year Invest Hong Kong organized the StartmeupHK programme to provide opportunities for local and overseas start-ups to meet with investors and business partners. Please give details on how the StartmeupHK programme has been operating, including but not limited to application numbers (if applicable) and operational expenses.

Asked by: Hon KWOK Wing-hang, Dennis (Member Question No. 11)

Reply:

Invest Hong Kong ("InvestHK") launched its StartmeupHK programme in 2013 to provide a one-stop service platform to global start-ups. The objective of the initiative is to promote Hong Kong as a leading hub for entrepreneurship, and to encourage innovative and scalable start-ups to use Hong Kong as a launch pad to grow their businesses.

To showcase the vibrant environment of Hong Kong as a leading hub for start-ups, InvestHK hosted the StartmeupHK Festival 2017 ("the Festival") on 16 to 20 in January 2017 where a series of thematic conferences and pitching events covering areas in which Hong Kong has a distinct competitive advantage, such as financial technology (fintech), smart city and Internet of things (IoT), health technology and retail and fashion technologies, were held. The Festival attracted over 5 000 participants. In 2017-18, InvestHK will continue to organise the Festival covering different verticals.

In addition, through StartmeupHK programme, InvestHK has stepped up its outreach work to start-up communities in other locations through attendance and sponsorship of international events, regular meetings with multipliers such as incubators, accelerators and co-work spaces, direct contact with entrepreneurs, hosting its own events and working in conjunction with the Economic and Trade Offices and organisations such as Cyberport,

Hong Kong Science and Technology Parks Corporation to promote Hong Kong as a major start-up hub.

In 2017-18, InvestHK plans to stage/sponsor start-up events in San Francisco, London, Lisbon, Vienna and Singapore to reach out to potential entrepreneurs.

The estimated actual expenditure for conducting the related investment promotion activities for 2016-17 is around \$5.8 million; while the estimated expenditure for 2017-18 is around \$5.9 million. The figures do not include staff cost and general marketing and promotion expenses which cannot be separately quantified.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)281

(Question Serial No. 2268)

Head: (79) Invest Hong Kong

Subhead (No. & title): (-) -

Programme: Investment Promotion

Controlling Officer: Director-General of Investment Promotion (Acting) (Ho Siu Hong, Francis)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Does the Department have any large-scale investment promotion plans in 2017-18? Will there be additional resources to enhance Hong Kong's competitiveness?

Asked by: Hon LAM Kin-fung, Jeffrey (Member Question No. 30)

Reply:

In 2017-18, Invest Hong Kong ("InvestHK") will continue with its investment promotion efforts by organising investment promotion seminars in the Mainland and overseas markets, and sponsoring/participating in major international events in Hong Kong and key overseas markets, such as Art Basel, HOFEX (an international exhibition of food and drink, hotel, restaurant and foodservice equipment, supplies and services), Marine Money, Asian Venture Capital Journal Private Equity and Venture Forum. These events provide opportunities for InvestHK to identify potential investors and to promote the advantages of investing in Hong Kong as well as the supporting services available for prospective investors.

To showcase the strengths of Hong Kong as a leading hub for start-ups, InvestHK will organise again a week-long StartmeupHK Festival in 2017-18. A financial technology ("Fintech") Week will also be organised to showcase Hong Kong's unique advantages in developing Fintech. InvestHK also plans to stage/sponsor start-up events in San Francisco, London, Lisbon, Vienna and Singapore to reach out to potential entrepreneurs.

The estimated expenditure for the abovementioned promotion activities is about \$14.1 million. The figure does not include staff cost as well as general marketing and promotion expenses which cannot be separately quantified.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)282

(Question Serial No. 3427)

Head: (79) Invest Hong Kong

Subhead (No. & title): (-) -

Programme: Investment Promotion

Controlling Officer: Director-General of Investment Promotion (Acting) (Ho Siu Hong, Francis)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Regarding outsourcing of service in your department, please inform this Committee of the following in respect of the past 3 years:

1. the total number of outsourced service staff employed by your department and the percentage of outsourced service staff against the total number of staff with the same types of duties in your department;
2. the total expenditure on staff of your department; the total amount paid to outsourced service providers; and the percentage of amount paid to outsourced service providers against the total expenditure on staff of your department; and
3. the nature of your department's outsourced services and the duration of the relevant contracts.

In addition, according to the Government's guidelines for tendering of outsourced services revised last year, if the procured service relies heavily on the deployment of non-skilled workers, and a marking scheme for assessing the tenders is adopted, the procuring department, when assessing the tenders, should include in the assessment criteria the evaluation of tenderers' proposed wage rates and working hours for non-skilled workers. In this regard, please inform this Committee of the following:

4. the current number of outsourced service contracts involving a large number of non-skilled workers awarded by your department since implementation of the guidelines;
5. the departments which have adjusted their assessment criteria in respect of wage rates and working hours for the outsourced service contracts involving a large number of non-skilled workers in the light of the new guidelines since their implementation; how your department has made adjustment; and if no relevant information is available, the reasons for it;

6. whether there have been any rises in the average wage rates for workers in the contracts of outsourced services that rely heavily on deployment of non-skilled workers since the implementation of the guidelines; if yes, the number of contracts with rises in wage rates; if no relevant information is available, the reasons for it;
7. your department's measures to evaluate the effectiveness of the new tendering guidelines;
8. whether your department is required to adopt the existing mechanism of two-envelope assessment of the technical and price aspects when evaluating tenders for contracts of outsourced service; if no, the number of contracts awarded without adopting the existing mechanism of two-envelope assessment of the technical and price aspects in the past 3 years;
9. the annual numbers of cases of government service contractors breaching the service contracts, the Employment Ordinance or the Occupational Safety and Health Ordinance as revealed by the inspections conducted by your department, and the annual numbers of complaints lodged by the outsourced service staff;
10. the details of follow-up actions on the aforementioned non-compliance and complaint cases; and
11. the number and details of cases involving contractors being punished for non-compliance or sustained complaints.

Asked by: Hon LEUNG Yiu-chung (Member Question No. 141)

Reply:

(1) – (3) Invest Hong Kong (“InvestHK”) has awarded a two-year cleansing contract in 2015 involving four outsourced service staff. There is no staff in InvestHK performing the same type of duties as the concerned outsourced service staff. The total expenditure on staff and the total amount paid to outsourced service provider in the past three years by InvestHK are \$239 million and \$0.54 million respectively. The percentage of amount paid to outsourced service provider against the total expenditure on staff of InvestHK is about 0.23%.

(4) – (8) InvestHK has not awarded any contract after the implementation of the revised Government's guidelines for tendering of outsourced services last year. When evaluating tenders for contracts of outsourced service, InvestHK follows the procedures as laid down in the Government's Stores and Procurement Regulations in determining the evaluation criteria. Where it is considered necessary to evaluate the technical and price aspects of tenders separately, including the use of a marking scheme, we will adopt a two-envelope approach where appropriate.

(9) – (11) InvestHK has not received any complaint lodged by the outsourced service staff against our service contractor against their breaching of the service contract, the Employment Ordinance or the Occupational Safety and Health Ordinance.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)283

(Question Serial No. 3437)

Head: (79) Invest Hong Kong

Subhead (No. & title): (-) -

Programme: Investment Promotion

Controlling Officer: Director-General of Investment Promotion (Acting) (Ho Siu Hong, Francis)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Does your department provide sign language interpretation services? If yes, what are the manpower and staff expenditure involved? If no, what are the reasons?

Asked by: Hon LEUNG Yiu-chung (Member Question No. 168)

Reply:

Invest Hong Kong will arrange sign language interpretation services if need arises. Such services will be provided by service providers, with no in-house manpower and staff expenditure involved.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)284

(Question Serial No. 3265)

Head: (79) Invest Hong Kong

Subhead (No. & title): (-) -

Programme: Investment Promotion

Controlling Officer: Director-General of Investment Promotion (Acting) (Ho Siu Hong, Francis)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Regarding Invest Hong Kong's efforts to attract global start-ups to set up business in Hong Kong, please inform this Committee of the following:

- (a) the expenditures and project items relating to the efforts of encouraging and attracting global start-ups to establish their business in Hong Kong over the past 3 years;
- (b) the number of foreign start-ups eventually set up business in Hong Kong and the number of such start-ups setting up business in Hong Kong with the assistance of Invest Hong Kong (please provide the information in table form by year);
- (c) on the basis of the figures provided in (b), the number and percentage of start-ups which have been set up for over 2 years and over 3 years respectively;
- (d) on the basis of the figures provided in (b), the number and percentage of start-ups which have been set up, with the assistance of Invest Hong Kong, for over 2 years and over 3 years respectively;
- (e) the reasons for the fact that 69 foreign start-ups were set up in Hong Kong with the assistance of Invest Hong Kong in 2015-16 but only 35 such start-ups in 2016-17; and
- (f) the materials available, if any, showing the difficulties encountered by foreign start-ups in setting up business in Hong Kong; if yes, the details and the follow-up actions taken by Invest Hong Kong.

Asked by: Hon MOK Charles Peter (Member Question No. 52)

Reply:

- (a) Invest Hong Kong ("InvestHK") launched the StartmeupHK campaign in 2013 to promote Hong Kong as a leading hub for entrepreneurship and to encourage innovative and scalable start-ups to use Hong Kong as a launch pad to grow their businesses. A dedicated team was established in September 2014 to implement the StartmeupHK programme.

The annual StartmeupHK Festival has been organised since 2016. In 2016-17, the week-long StartmeupHK Festival was held in January 2017 where a series of thematic conferences and pitching events covering areas in which Hong Kong has a distinct competitive advantage, such as financial technology (fintech), smart city and Internet of things (IoT), health technology and retail and fashion technologies, were held. The Festival attracted over 5 000 participants.

Apart from hosting major events, InvestHK also actively reaches out to start-up communities in overseas locations through attendance and sponsorship of international events, regular meetings with multipliers such as incubators, accelerators and co-work spaces, direct contact with entrepreneurs, and working in conjunction with Economic and Trade Offices and organisations such as Cyberport, Hong Kong Science and Technology Parks Corporation to promote Hong Kong as a major start-up hub.

The actual expenditure for conducting the related investment promotion activities was \$5.78 million in 2014-15 and was \$5.8 million in 2015-16. The estimated expenditure for 2016-17 is around \$5.8 million. The figures do not include administrative overheads expenses as well as expenditure and staff cost for general marketing and promotion expenses which cannot be separately quantified.

- (b) To track the growth of the start-up ecosystem, InvestHK has been conducting an annual survey since 2014 with operators of co-work spaces, incubators and accelerators in Hong Kong. The number of start-ups recorded in the surveys and the number of start-ups that InvestHK assisted are as follow –

Year	No. of Start-ups recorded in the surveys (including those with foreign and/or local founders)	No. of Start-ups Assisted by InvestHK
2014	1 065	62
2015	1 558	69
2016	1 926	35 ^{Note}

Note: In order to tie in more closely with the common understanding of the business community of the term “start-up”, InvestHK adopted a revised definition in 2016 for start-ups assisted by InvestHK in setting up their business in Hong Kong. Instead of defining a start-up as “a company without a parent company outside of Hong Kong”, under the revised definition, a start-up project assisted by InvestHK should meet the following conditions -

- the company should be not more than five years of age, counting from the date of its incorporation. If it has a parent company, then both companies should be incorporated within the last five years;
- innovative-driven, which can be manifested through the start-up’s products, services, business model, processes, etc.;
- technology based or enabled (with technology element);
- scalable, which exhibits high growth potential to capture regional or global markets; and

- self-funding or funding rounds from seed funding to later stage Venture Capital funding, but exclude those that have exited through acquisition or have gone public.
- (c) Since respondents of the annual survey, namely operators of co-work spaces, incubators and accelerators, are only required to provide the number of start-ups under their programme / operating on their premises, information on the number and percentage of start-ups which have been set up for over two or three years were not captured in the survey.
- (d) For the 131 start-up projects assisted by InvestHK in 2014 and 2015, we have conducted aftercare contacts for 106 of them in 2016, 86 (or 81%) were still in operation.
- (e) The change in the number of foreign start-ups set up in Hong Kong with the assistance of InvestHK in 2016-17 was due to the revised definition adopted as mentioned in (b) above.
- (f) Start-ups often seek advice on business registration, visa application, hiring of staff, Government funding, opening of bank accounts, connecting to the start-up ecosystem and introduction to investors. To assist them in setting up their operation in Hong Kong, InvestHK provides a wide range of services including provision of relevant information and links to relevant websites, guidance on visa application, signposting them to relevant Government funding schemes, providing bank contacts and introducing them to ecosystem stakeholders, etc.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)285

(Question Serial No. 5112)

Head: (79) Invest Hong Kong

Subhead (No. & title): (-) -

Programme: Investment Promotion

Controlling Officer: Director-General of Investment Promotion (Acting) (Ho Siu Hong, Francis)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Government earmarked about \$13.8 million for InvestHK's dedicated team in 2016-17 to render practical assistance to local, Mainland and overseas Fintech start-ups. Will the Government advise:

The amount of provision spent by the dedicated team and the details of the expenditure in 2016-17;

The number of local, Mainland and overseas Fintech start-ups assisted by the dedicated team each year since its establishment. Please set out the information by region and year;

The work plan of the dedicated team and its estimated expenditure and schedule of work in 2017-18; and

The number of existing Fintech start-ups and their percentage share in the number of existing start-ups in Hong Kong, and the percentage changes as compared with 2015-16 and 2014-15?

Asked by: Hon MOK Charles Peter (Member Question No. 53)

Reply:

A dedicated financial technology ("Fintech") Team was set up in September 2016 in Invest Hong Kong ("InvestHK") to appeal to overseas and Mainland Fintech enterprises, investors as well as research and development institutions to encourage them to establish a presence in Hong Kong. In 2016-17, the budget allocated to the Team was around \$13.8 million, which covered the expenditure on staff cost, duty travel, organising Fintech events (including the inaugural Hong Kong Fintech Week in November 2016, where various activities such as pitching sessions, demos, seminars, workshops and networking events

were organised), branding, website development as well as marketing and sponsoring local and overseas fintech events.

Since its establishment in September 2016, the Team has provided assistance to around 40 fintech start-ups. The Team has also engaged with Fintech companies and communities in Europe, USA, the Mainland, Australia and South America.

In 2017-18, the Team will continue its efforts to showcase Hong Kong's unique advantages in developing Fintech as well as providing Mainland and overseas Fintech companies with a fertile ground to develop their applications and businesses. In addition to attracting more Fintech enterprises, relevant organisations, investors and talents to Hong Kong, the Team will continue to organise Fintech events like the Fintech Week and sponsor Fintech events such as the Fintech Finals 2018 (FF18) conference and start-up competition. The second Hong Kong Fintech Week will be held in the fourth quarter of 2017. The Team will also join overseas events and organise roadshows overseas proactively throughout the year to showcase the development of the Fintech sector in Hong Kong. The overall budget allocated to the Team in 2017-18 is around \$13.7 million, similar to the provision in 2016-17.

According to a survey conducted by InvestHK in 2016 with operators of co-work spaces, incubators and accelerators in Hong Kong, there were 138 Fintech start-ups among the 1 926 start-ups in Hong Kong, representing about 7% of the total number. (c.f. 86 Fintech start-ups among the 1 558 start-ups in 2015, i.e. about 5.5%.)

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)286

(Question Serial No. 2075)

Head: (79) Invest Hong Kong

Subhead (No. & title): (-) -

Programme: Investment Promotion

Controlling Officer: Director-General of Investment Promotion (Acting) (Ho Siu Hong, Francis)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is stated in the Programme that the Invest Hong Kong (InvestHK) will continue with investment promotion efforts in the coming year in attracting multinational companies to set up their global or regional operations in Hong Kong, in particular on the Mainland, in Taiwan and other emerging markets. In this connection, would the Government provide the following information —

1. How many investment promotion activities will be organised by InvestHK this year? What are the details of these activities, including locations where the activities will take place, estimated number (if any) of multinational companies to be attracted, and the respective manpower and expenditure involved?
2. How will InvestHK enhance its measures for attracting multinational companies so as to help sharpen Hong Kong's competition edge in the face of keen competition from other cities such as Singapore, Shanghai, Beijing, Tokyo and Sydney and how will it further strengthen aftercare support to multinational companies already established in Hong Kong?
3. Has InvestHK assessed how multinational companies intending to set up business in Hong Kong are impeded by Hong Kong's high level of office rental? If yes, what are the details of the assessment findings? If no, what are the reasons? How will InvestHK address the problem? Will it increase the manpower and expenditure for organising investment promotion activities in the coming year? If yes, what are the details? If no, why?

Asked by: Hon NG Wing-ka, Jimmy (Member Question No. 73)

Reply:

1. In 2017-18, through our network of Investment Promotion Units and consultants, Invest Hong Kong (“InvestHK”) plans to organise investment promotion seminars in selected high-growth Mainland cities such as Tianjin, Chengdu, Xiamen, Shenyang, Jinan and Changsha etc., as well as target overseas markets including South Korea, India and Europe. The estimated expenditure is around \$1.2 million.

Apart from the above, InvestHK plans to conduct a series of investment promotion visits to different markets to underline Hong Kong’s business advantages and to attract more companies to set up business in Hong Kong. InvestHK will also make use of advertising and social media channels (e.g. LinkedIn, twitter) to maximise promotional impact. The department will also sponsor events which tie in with its priority sectors and markets in 2017-18, such as SuperReturn China in Beijing, ThaiFex Food Expo in Bangkok, and Marine Money in Shanghai, New York and Singapore. For 2017-18, the estimated expenditure of InvestHK on investment promotion work is \$40 million. The figures do not include staff cost and administrative overheads expenses which cannot be separately quantified.

2. Hong Kong is an international business hub with distinct advantages as a place for multinational firms to establish their presence or expand business.

InvestHK will continue to work closely with other organisations responsible for promoting Hong Kong overseas, including the Economic and Trade Offices, Hong Kong Trade Development Council, Hong Kong Tourism Board, Hong Kong Science & Technology Parks Corporation, Hong Kong Cyberport and Create Hong Kong through regular meetings and joint promotion events. We will also organise sector-focused reception and sponsor major local and overseas events, with a view to further promoting the business advantages of Hong Kong. We will step up our collaboration with overseas chambers/consulates in Hong Kong to further our reach to foreign businesses.

3. According to the “Report on 2016 Annual Survey of Companies in Hong Kong Representing Parent Companies Located outside Hong Kong” conducted by the Census and Statistics Department in collaboration with InvestHK, ‘availability and cost of business accommodation’ was ranked 11th out of the 15 most important factors for choosing a location in which to set up business. Apart from emphasising the enduring advantage of Hong Kong, we will explain to the investors that Hong Kong offers a wide range of office accommodation options at different price levels. Co-work spaces and incubators at different locations in Hong Kong are also available to start-ups.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)287

(Question Serial No. 0931)

Head: (79) Invest Hong Kong

Subhead (No. & title): (-) -

Programme: Investment Promotion

Controlling Officer: Director-General of Investment Promotion (Acting) (Ho Siu Hong, Francis)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is said that the Invest Hong Kong will “continue to focus investment promotion efforts on the priority sectors, with an emphasis on financial services, transport and logistics as well as innovation and technology sectors”.

- (1) What are the expenditures of the Invest Hong Kong on investment promotion work in the past 3 years and its estimated expenditures on various sectors in 2017-18? Please provide a breakdown by sector?
- (2) What are the expenditures of the Invest Hong Kong on promotion work in different regions in the past 3 years and its estimated expenditures on various regions in 2017-18? Please provide details under (a) Hong Kong; (b) the Mainland; (c) Taiwan; (d) other emerging markets (including those along the Belt and Road; (e) Asia (excluding Hong Kong and the Mainland); and (f) the globe (excluding Asia).
- (3) As regards the above 3 priority sectors, has the Invest Hong Kong set any targets to assess the effectiveness of its work, e.g. the amount of capital inflow and the number of enterprises investing in Hong Kong?

Asked by: Hon WU Chi-wai (Member Question No. 22)

Reply:

- (1) Invest Hong Kong (“InvestHK”) adopts a sector-focused approach in attracting overseas, Mainland and Taiwan companies in priority sectors and industries where Hong Kong has a clear competitive edge through its external network of Investment Promotion Units and overseas consultants. The expenditure of InvestHK on investment promotion work in 2014-15, 2015-16 and 2016-17 are \$34 million, \$32 million and \$39 million respectively; while the estimated expenditure for 2017-18 is \$40 million. The figures

do not include staff cost and administrative overheads expenses which cannot be separately quantified. As the investment promotion activities are at times of cross-sector nature, we are unable to provide separate breakdowns by sectors.

- (2) The actual and estimated actual expenditures of InvestHK on investment promotion work in the Mainland, Taiwan, the Association of Southeast Asian Nations (“ASEAN”) and other economies in the past three years and the estimated expenditures in 2017-18 are as follow –

	2014-15 Actual Expenditure	2015-16 Actual Expenditure	2016-17 Estimated Actual Expenditure	2017-18 Estimated Expenditure
	\$ million			
Mainland	6	6	6	6
Taiwan	1	1	1	1
ASEAN	0.7	0.7	1	1
Other economies	10.7	10.6	12.2	12.9
Expenses which cannot be separately quantified such as duty visit expenses and general marketing	15.6	13.7	18.8	19.1
Total	34	32	39	40

- (3) In the past three years (2014-2016), the number of investment projects completed by InvestHK in the financial services, transport and logistics, and innovation and technology sectors were 144, 86 and 152 respectively. These projects involved the total direct investment of about HK\$11.5 billion, HK\$1.7 billion and HK\$5.6 billion respectively.

The number of completed investment project is a key performance indicator for InvestHK to assess the effectiveness of its investment promotion work. In 2017, InvestHK’s target is to complete 400 investment projects, including those from the three aforementioned priority sectors.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)288****(Question Serial No. 3816)**Head: (79) Invest Hong KongSubhead (No. & title): (-) -Programme: Investment PromotionControlling Officer: Director-General of Investment Promotion (Acting) (Ho Siu Hong, Francis)Director of Bureau: Secretary for Commerce and Economic DevelopmentQuestion:

Regarding investment promotion events organised by the Department, please inform this Committee of the following:

- a) Please provide in the table below details of investment promotion events organised by the Department in the form of overseas visits from 2012 to 2016:

Date of visit	Country of visit	Partnering organisation (if any)	Nature of visit	Size and establishment of entourage	Hotel expenses	Accommodation expenses	Air ticket expenses	Class of air tickets	Total expenditure of visit

- b) Please provide in the table below details of investment promotion events organised by the Department in the form of overseas visits for 2017 and 2018:

Proposed date of visit	Proposed country of visit	Proposed partnering organisation (if any)	Nature of visit	Estimated size and establishment of entourage	Estimated hotel expenses	Estimated accommodation expenses	Estimated air ticket expenses	Estimated class of air tickets	Estimated total expenditure of visit

Asked by: Hon YEUNG Alvin (Member Question No. 106)

Reply:

Invest Hong Kong (“InvestHK”) organises various forms of investment promotion events such as roundtable breakfast meetings/luncheons, seminars and networking receptions to coincide with duty visits conducted by our officers in order to promote the business advantages of Hong Kong and to encourage overseas and Mainland companies to set up or expand their businesses in Hong Kong. Details of investment promotion events organised by InvestHK in the form of overseas visits during 2012-2016 are set out at Annex.

In 2017-18, InvestHK will continue to conduct investment promotion visits to key overseas and Mainland markets. The visit plan is being formulated and the estimated expenditure is about \$4 million.

- End -

Year	Country of visit	Partnering organisation (if any)	Nature of visit	Size and establishment of entourage	Hotel & Accommodation expenses (\$ million)	Air ticket expenses (\$ million)	Class of air tickets	Total expenditure of visit (\$ million)
2012-13	Bangkok, Kuala Lumpur, Manila, Mumbai, Abu Dhabi, Helsinki, Istanbul, Tel Aviv, New York, Mexico City, Sao Paulo, Beijing, Shanghai, Chengdu, Hangzhou, Chongqing, Guangzhou, Tianjin, Wuhan, Tengshan, Suzhou	See Note 1	Visit overseas companies that have an interest to invest in Hong Kong; organise and attend investment promotion seminars.	1-4; namely Director-General of Investment Promotion, Associate Director-General of Investment Promotion or Investor Relations Officer	0.4	2.3	See Note 2	4.8

Year	Country of visit	Partnering organisation (if any)	Nature of visit	Size and establishment of entourage	Hotel & Accommodation expenses (\$ million)	Air ticket expenses (\$ million)	Class of air tickets	Total expenditure of visit (\$ million)
2013-14	Malaysia, Turkey, Spain, Berlin, Switzerland, Auckland, Dubai, Israel, Nigeria, Kenya, Beijing, Shanghai, Shenzhen, Guangzhou, Xiamen	See Note 1	Ditto	Ditto	0.4	2.7	See Note 2	3.5
2014-15	Japan, Korea, Mexico, Tijuana, London, Barcelona, Mumbai, Brussels, Bahrain, Lyon, Warsaw, Norway, Finland, San Francisco, Vancouver,	See Note 1	Ditto	Ditto	0.6	3.4	See Note 2	4.8

Year	Country of visit	Partnering organisation (if any)	Nature of visit	Size and establishment of entourage	Hotel & Accommodation expenses (\$ million)	Air ticket expenses (\$ million)	Class of air tickets	Total expenditure of visit (\$ million)
	Beijing, Shanghai, Kunming, Chongqing, Shenzhen, Xian, Wuhan, Nanjing, Yinchuan, Taipei							
2015-16	Jakarta, Kuala Lumpur, Singapore, Amsterdam, Frankfurt, Toronto, Montreal, Chicago, New York, Dublin, Copenhagen, Greece, Italy, Rio de Janeiro, Mexico City, Dubai, Beijing, Shanghai,	See Note 1	Ditto	Ditto	0.4	2.3	See Note 2	3.5

Year	Country of visit	Partnering organisation (if any)	Nature of visit	Size and establishment of entourage	Hotel & Accommodation expenses (\$ million)	Air ticket expenses (\$ million)	Class of air tickets	Total expenditure of visit (\$ million)
	Nanjing, Fuzhou, Xiamen, Wuhan, Zhengzhou, Hefei, Lanzhou, Mianyang, Chengdu Jinan, Qinhuangdao, Foshan, Shenzhen, Taichung							
2016-17 (up to 28 February 2017)	New York, Los Angeles, San Francisco, London, Milan, Berlin, Paris, Istanbul, Athens, Almaty, Astana, Riga, Rio de Janeiro, Lima , Seoul,	See Note 1	Ditto	Ditto	0.4	2	See Note 2	4.2

Year	Country of visit	Partnering organisation (if any)	Nature of visit	Size and establishment of entourage	Hotel & Accommodation expenses (\$ million)	Air ticket expenses (\$ million)	Class of air tickets	Total expenditure of visit (\$ million)
	Osaka, Tokyo, Singapore, Kuala Lumpur, Bangkok, Beijing, Tianjin, Shanghai, Nanjing, Changzhou, Wuhan, Nanchang, Changsha, Ningbo, Zhengzhou, Taiyuan, Guiyang, Baotou, Hohhot							

Note 1: InvestHK partners from time to time with the Hong Kong Trade Development Council, Hong Kong Economic and Trade Offices, and overseas business chambers in conducting investment promotion activities overseas or in the Mainland; we have also been conducting joint investment promotion seminars in key overseas markets in collaboration with cities in the Pearl River Delta region and Macao to promote the combined advantages offered by the economic cooperation between Hong Kong, Macao and the Pearl River Delta region.

Note 2: The air passage of officers conducting duty visits outside Hong Kong are procured in accordance with the procedures as laid down in the Government's Stores and Procurement Regulations and Civil Service Regulations.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)289****(Question Serial No. 3817)**Head: (79) Invest Hong KongSubhead (No. & title): (-) -Programme: Investment PromotionControlling Officer: Director-General of Investment Promotion (Acting) (Ho Siu Hong, Francis)Director of Bureau: Secretary for Commerce and Economic DevelopmentQuestion:

Regarding investment promotion events organised by the Department, please inform this Committee of the following:

- a) please provide in the table below details of investment promotion events organised by the Department via the Economic and Trade Offices from 2012 to 2016:

Date	Partnering organisation	Nature of event	Size and establishment of staff	Hotel expenses (such as overseas visits)	Accommodation expenses (such as overseas visits)	Air ticket expenses (such as overseas visits)	Class of air tickets (such as overseas visits)	Total expenditure of event

- b) please provide in the table below the estimated expenditure of investment promotion events organised by the Department via the Economic and Trade Offices for 2017 and 2018:

Date	Proposed partnering organisation	Nature of event	Proposed size and establishment of staff	Estimated hotel expenses (such as overseas visits)	Estimated accommodation expenses (such as overseas visits)	Estimated air ticket expenses (such as overseas visits)	Estimated class of air tickets (such as overseas visits)	Estimated total expenditure of event

Asked by: Hon YEUNG Alvin (Member Question No. 107)

Reply:

Invest Hong Kong (“InvestHK”) has carried out various investment promotion events through its Investment Promotion Units (“IPUs”) under the Economic and Trade Offices to promote the business advantages of Hong Kong and to encourage overseas and Mainland companies to set up or expand their businesses in Hong Kong. Details of the investment promotion events organised by the IPUs during 2012 to 2016 are set out at Annex.

In 2017-18, InvestHK will continue to conduct investment promotion events through the IPUs. The plan is being formulated and the estimated expenditure is about \$2.5 million.

- End -

Year	Collaborating organisation (if any)	Nature of Event	Size and establishment of staff of the Investment Promotion Units	Expenses on investment promotion visits (including hotel accommodation & air ticket expenses (\$ million)) [A]	Expenses on investment promotion events (\$ million) [B]	Class of air tickets	Total expenditure for investment promotion events (\$ million) [C]=[A]+[B]
2012-13	Related authorities and business associations	To promote the business advantages of Hong Kong and the comprehensive services provided by InvestHK through conducting investment promotion visits and organising seminars	48 (including Heads of Investment Promotion, Investment Promotion Managers and Investment Promotion Assistants)	1.2	0.8	Note	2
2013-14	-ditto-	-ditto-	48 (including Heads of Investment Promotion, Investment Promotion Managers and Investment Promotion Assistants)	0.9	1	Note	1.9

Year	Collaborating organisation (if any)	Nature of Event	Size and establishment of staff of the Investment Promotion Units	Expenses on investment promotion visits (including hotel accommodation & air ticket expenses (\$ million) [A]	Expenses on investment promotion events (\$ million) [B]	Class of air tickets	Total expenditure for investment promotion events (\$ million) [C]=[A]+[B]
2014-15	-ditto-	-ditto-	53 (including Heads of Investment Promotion, Investment Promotion Managers and Investment Promotion Assistants)	0.9	1.4	Note	2.3
2015-16	-ditto-	-ditto-	53 (including Heads of Investment Promotion, Investment Promotion Managers and Investment Promotion Assistants)	1.3	1	Note	2.3

Year	Collaborating organisation (if any)	Nature of Event	Size and establishment of staff of the Investment Promotion Units	Expenses on investment promotion visits (including hotel accommodation & air ticket expenses (\$ million)) [A]	Expenses on investment promotion events (\$ million) [B]	Class of air tickets	Total expenditure for investment promotion events (\$ million) [C]=[A]+[B]
2016-17 (up to Dec 2016)	-ditto-	-ditto-	54 (including Heads of Investment Promotion, Investment Promotion Managers and Investment Promotion Assistants)	1.3	0.9	Note	2.2

Note: The air passage of officers conducting duty visits are procured in accordance with the procedures as laid down in the Government's Stores and Procurement Regulations and Civil Service Regulations.

CONTROLLING OFFICER'S REPLY

CEDB(CIT)290

(Question Serial No. 5384)

Head: (79) Invest Hong Kong

Subhead (No. & title): (-) -

Programme: Investment Promotion

Controlling Officer: Director-General of Investment Promotion (Acting) (Ho Siu Hong, Francis)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Please provide statistics on the foreign direct investment in Hong Kong (including Taiwan, Mainland China and Macao), with a breakdown by the source country or region of funds in the past 3 years. Will changes in the trend of source countries or regions of funds affect Invest Hong Kong's allocation of resources in 2017-18? If so, what are the details of the impacts? If not, what are the reasons?

Asked by: Hon YIU Chung-yim (Member Question No. 156)

Reply:

In 2014-2016, Invest Hong Kong assisted a total of 1 121 companies to set up or expand their business in Hong Kong. The total investment amount of these projects is about HK\$35.5 billion. The top five source economies are the Mainland (235 projects), the United States (152), the United Kingdom (108), Japan (79) and France (68) respectively. They are also the major source of our investment projects in previous years.

Through our network of Investment Promotion Units (IPUs) and consultants and organising investment promotion visits and events in these traditional markets, we will continue to reach out to potential investors to encourage and support them to set up or expand their business in Hong Kong. In order to better capture the opportunities arising from emerging markets, we commenced to engage a consultant in Dubai and Bangkok in 2016 and are planning to set up an IPU in Jakarta in 2017. Investment promotion visits and events will also be arranged in some of these key markets, e.g. Korea, India, Indonesia, etc. in 2017 to promote the business environment of Hong Kong. As this part of the work is carried out by the department on a regular basis, the allocation of resources involved could not be quantified separately.

The position and flow of Hong Kong's inward direct investment by selected major recipient country/territory in 2013-15 compiled by the Census and Statistics Department is at Annex for reference.

- End -

**Position and flow of inward direct investment
by selected major investor country/territory[#], 2013-2015**

Major investor country/territory	Inward direct investment* at market value (HK\$billion)					
	Position at end of year			Inflow in year		
	2013	2014	2015	2013	2014	2015
British Virgin Islands	3,537.0	4,123.4	4,325.5	341.9	476.7	437.5
The mainland of China	3,341.6	3,493.5	3,270.3	46.6	221.8	200.8
Cayman Islands	262.6	397.1	861.7	34.4	16.7	404.3
Netherlands	696.6	745.9	778.7	16.1	44.8	34.4
Bermuda	613.8	612.9	569.7	45.7	-4.7	59.4
Singapore	225.9	318.5	343.1	14.0	59.0	23.3
United States of America	347.5	385.0	314.6	21.2	8.3	3.0
United Kingdom	159.6	131.9	256.4	23.1	44.4	55.9
Japan	205.8	226.5	225.8	6.3	10.8	22.5
Cook Islands	119.1	117.8	102.2	15.6	9.8	6.3
Other countries/territories	973.4	1,050.3	1,287.8	11.4	-10.9	104.2
Taiwan	67.1	68.6	79.4	2.2	0.8	-2.6
Macao	113.4	72.8	46.7	-3.1	-6.7	-10.7
Others	792.9	908.8	1,161.8	12.3	-5.1	117.5
Total of all countries/territories	10,482.9	11,602.9	12,335.9	576.2	876.5	1,351.5

Notes :

Selected based on the position of Hong Kong's inward direct investment from individual investor countries/territories in recent years.

* Compiled based on the "directional principle" in accordance with the international statistical standards.

1. Individual figures may not add up to the total due to rounding.
2. Country/Territory here refers to the immediate source economy. It does not necessarily reflect the country/territory from which the funds are initially mobilised.
3. Negative inflow does not necessarily relate to equity withdrawal. It may be the result of repayment of loans owed to non-resident affiliates.

CONTROLLING OFFICER'S REPLY**CEDB(CIT)291****(Question Serial No. 5385)**Head: (79) Invest Hong KongSubhead (No. & title): (-) -Programme: Investment PromotionControlling Officer: Director-General of Investment Promotion (Acting) (Ho Siu Hong, Francis)Director of Bureau: Secretary for Commerce and Economic DevelopmentQuestion:

Under Matters Requiring Special Attention in 2017-18, the Invest Hong Kong will undertake matters including to continue with investment promotion efforts in attracting multinational companies to set up their global or regional operations in Hong Kong, in particular on the Mainland, in Taiwan and other emerging markets including those along the Belt and Road. Please inform this Committee of the following information (in form of a table), namely the number of enterprises attracted and the promotional expenditure of Invest Hong Kong spent on respective economies in the past year; as well as key promotion works targeted on these economies and the estimated expenditure involved in 2017-18. (Please include the statistics of at least 5 emerging economies which must cover Taiwan, Mainland China, Russia and India, as well as at least 5 traditional important economies including the US, Germany, Japan and the UK).

Asked by: Hon YIU Chung-yim (Member Question No. 155)Reply:

In 2016, Invest Hong Kong ("InvestHK") completed a total of 391 investment projects. The breakdown is as follows –

Market	Number of investment projects completed
Mainland	82
US	59
UK	40
France	23
Japan	20
Taiwan	18
Australia	17
Germany	16

Market	Number of investment projects completed
Canada	12
Italy	12
Korea	10
Singapore	10
Israel	5
India	4
Russia	2
Others	61
Total	391

In 2017-18, InvestHK will continue to conduct marketing campaigns, seminars and investment promotion visits to attract and assist more companies from the Mainland, Taiwan and emerging markets including those along the Belt and Road to set up or expand their business operations in Hong Kong. For the Mainland market, InvestHK will continue to strengthen collaboration with Mainland authorities and business associations to promote Hong Kong as an ideal platform for Mainland companies to go global and expand their business overseas, targeting high-growth Mainland cities such as Tianjin, Chengdu, Xiamen, Shenyang, Jinan and Changsha, etc.

As regards the Taiwan market, InvestHK will continue to reach out to a wide spectrum of Taiwan companies to provide them with the necessary support in setting up or expanding their operations in Hong Kong. InvestHK will also maintain close liaison with the Taiwan business community in Hong Kong and offer aftercare services to facilitate the expansion of their business.

InvestHK also plans to conduct a series of investment promotion visits to other emerging markets including Southeast Asia, India, the Middle East and Russia. InvestHK will also organise other investment promotion events, including local networking receptions for companies, consulates and chambers of commerce from the target markets.

The estimated actual expenditure and estimated expenditure of InvestHK on investment promotion work in the Mainland, Taiwan, the Association of Southeast Asian Nations (“ASEAN”) and other markets in 2016-17 and 2017-18 are as follow –

	2016-17 Estimated Actual Expenditure (\$ million)	2017-18 Estimated Expenditure (\$ million)
Mainland	6	6
Taiwan	1	1
ASEAN	1	1
Other markets	12.2	12.9
Expenses which cannot be separately quantified such as duty expenses and general marketing	18.8	19.1
Total	39	40

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)292****(Question Serial No. 5387)**Head: (79) Invest Hong KongSubhead (No. & title): (-) -Programme: Investment PromotionControlling Officer: Director-General of Investment Promotion (Acting) (Ho Siu Hong, Francis)Director of Bureau: Secretary for Commerce and Economic DevelopmentQuestion:

One of the duties of Invest Hong Kong in investment promotion is to “continue to focus investment promotion efforts on the priority sectors, with an emphasis on financial services, transport and logistics as well as innovation and technology sectors”. With regard to the investment promotion efforts in the above 3 priority sectors, please inform this Committee, with the table below, Invest Hong Kong’s expenditure for promoting the above 3 major priority sectors in the past 3 years and the estimated expenditure for this in 2017-18; and the expenditure for all priority sectors in the past 3 years and the estimated expenditure for them in 2017-18.

	2014-15	2015-16	2016-17	2017-18 (estimated)
Financial services				
Transport and logistics				
Innovation and technology				
Total (added with other priority sectors)				

Please provide the staff establishment and ranks of the officials responsible for the work, the specific measures involved, and their respective progress or timetables in 2017-18.

Asked by: Hon YIU Chung-yim (Member Question No. 154)

Reply:

Invest Hong Kong (“InvestHK”) adopts a sector-focused approach in attracting overseas, Mainland and Taiwan companies in priority sectors and industries where Hong Kong has a clear competitive edge through its global network of Investment Promotion Units and overseas consultants. There are nine sector teams in the Head Office of InvestHK responsible for conducting investment promotion work in various target sectors, involving nine Investor Relations Officers, 30 Investor Support Officers and two Investment Promotion Assistants. Apart from regular meetings and duty visits, we will also sponsor events locally and overseas which tie in with our priority sectors and markets, such as SuperReturn China in Beijing, ThaiFex Food Expo in Bangkok, and Marine Money in Shanghai, New York and Singapore. In addition, we will make use of advertising and social media channels (e.g. LinkedIn, Twitter) to maximise the promotional impact.

The expenditure of InvestHK on investment promotion work in 2014-15, 2015-16 and 2016-17 are \$34 million, \$32 million and \$39 million respectively; while the estimated expenditure for 2017-18 is \$40 million. The figures do not include staff cost and administrative overheads expenses which cannot be separately quantified. As the investment promotion activities are at times of cross-sector nature, we are unable to provide breakdown by sectors.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)293

(Question Serial No. 5388)

Head: (79) Invest Hong Kong

Subhead (No. & title): (-) -

Programme: Investment Promotion

Controlling Officer: Director-General of Investment Promotion (Acting) (Ho Siu Hong, Francis)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

One of the duties of Invest Hong Kong in investment promotion is to “continue to conduct joint overseas marketing activities in partnership with Pearl River Delta cities”. Please inform this Committee of the operational expenses and the remuneration expenditure for the above in the past 3 years and the estimated expenditure in this regard for 2017-18; the staff establishment and the ranks of the officials responsible for the above work; the specific measures involved and their respective progress or timetables in 2017-18. How does Invest Hong Kong ensure that such co-operation will not attract overseas enterprises to other Pearl River Delta cities so that they cease to invest in Hong Kong?

Asked by: Hon YIU Chung-yim (Member Question No. 153)

Reply:

Invest Hong Kong (“InvestHK”) has been conducting joint investment promotion seminars in key overseas markets in collaboration with Pearl River Delta cities to promote the combined advantages offered by the economic cooperation between Hong Kong, Macao and the Pearl River Delta region. Joint investment promotion plans for 2017-18 are being formulated.

In 2014, InvestHK organised joint promotion seminars with Zhuhai in Mexico City, Zhaoqing in Barcelona, Jiangmen in Lyon, Guangzhou in Taipei, and the Guangdong Province and Macao in Vancouver and San Francisco. The expenses for these events were around \$0.9 million.

In 2015, InvestHK organised joint promotion seminars with Guangzhou in Dubai, the Guangdong Province and Macao in Jakarta, Kuala Lumpur and Singapore, and Jiangmen in Taichung. The expenses for these events were around \$0.55 million.

In 2016, InvestHK organised a joint promotion seminar with the Guangdong Province in Paris. The expense for the event was around \$0.6 million.

Organising joint promotion seminars is part of the duties of the team responsible for organising investment promotion activities. The team comprises one Investor Relations Officer and four Investor Support Officers. The staff cost cannot be separately quantified.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)294

(Question Serial No. 5389)

Head: (79) Invest Hong Kong

Subhead (No. & title): (-) -

Programme: Investment Promotion

Controlling Officer: Director-General of Investment Promotion (Acting) (Ho Siu Hong, Francis)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

One of the duties of Invest Hong Kong in investment promotion is to “continue to conduct joint overseas marketing activities in partnership with Pearl River Delta cities” while “continuing with investment promotion efforts ..., in particular ...other emerging markets ...”. Portuguese speaking countries like Brazil are important emerging markets. Our neighbour, Macao, plays an important role in the economic and trade cooperation between China and Portuguese speaking countries. In this connection, will the Government advise this Committee on whether joint investment promotion efforts have been made by Hong Kong and Macao. If yes, please inform this Committee of the projects jointly organised by Hong Kong and Macao and the work plan in 2017-18, and list the economies involved, in particular the promotion to Portuguese speaking countries. If no, what are the reasons?

Asked by: Hon YIU Chung-yim (Member Question No. 152)

Reply:

Invest Hong Kong (“InvestHK”) organised joint investment promotion seminars with the relevant Guangdong and Macao agencies in Germany in 2013, in Canada and the United States in 2014 as well as in Indonesia, Malaysia and Singapore in 2015, to promote the combined advantages offered by the economic cooperation between Hong Kong, Macao and the Pearl River Delta region. Joint investment promotion plans for 2017-18 is being formulated.

Apart from the above, InvestHK conducts, through the investment promotion unit in the Brussels Economic and Trade Office and the consultant in Rio de Janeiro, investment promotion work in Portugal and Brazil respectively to reach out to potential investors in these two major Portuguese-speaking economies.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)295

(Question Serial No. 5390)

Head: (79) Invest Hong Kong

Subhead (No. & title): (-) -

Programme: Investment Promotion

Controlling Officer: Director-General of Investment Promotion (Acting) (Ho Siu Hong, Francis)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

One of the duties of Invest Hong Kong in investment promotion is to “further strengthen aftercare support to multinational companies already established in Hong Kong”. Please inform this Committee of Invest Hong Kong’s operational expenses and remuneration expenditure for the above in the past 3 years and its estimated expenditure in this regard for the above in 2017-18; the progress or timetable of the specific measures involved in 2017-18; and the staff establishment and the ranks of the officials responsible for the above work.

Asked by: Hon YIU Chung-yim (Member Question No. 150)

Reply:

Provision of aftercare services is an important area of work of Invest Hong Kong (“InvestHK”). In 2017-18, InvestHK will continue to strengthen its aftercare services. Apart from conducting regular visits to multinational companies already set up in Hong Kong to better understand their service needs, InvestHK will offer support services when these companies expand their business in Hong Kong. In addition, InvestHK will also continue to organise events targeting specific markets or business sectors to provide overseas and Mainland companies in Hong Kong with networking opportunities and updated market information and to strengthen relationship with these companies. The estimated expenditure for organising these events in 2017-18 is around \$1.4 million.

Provision of aftercare services is one of the regular duties of the nine sector teams in the Head Office of InvestHK, involving nine Investor Relations Officers, 30 Investor Support Officers and two Investment Promotion Assistants. The operating expenses and estimated annual salary provision in this area of work cannot be separately quantified.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)296

(Question Serial No. 6976)

Head: (79) Invest Hong Kong

Subhead (No. & title): (-) -

Programme: Investment Promotion

Controlling Officer: Director-General of Investment Promotion (Acting) (Ho Siu Hong, Francis)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Would Invest Hong Kong please provide the statistics of Hong Kong's outward direct investment (DI) (including DI to Taiwan, the Mainland and Macau) over the past 3 years, with a breakdown of destination of investment by country or territory? Will the changing trends in the destinations affect the resource allocation of Invest Hong Kong in 2017-18? If yes, what are the details of the changes? If no, what are the reasons?

Asked by: Hon YIU Chung-yim (Member Question No. 157)

Reply:

The mission of Invest Hong Kong is to attract and retain foreign direct investment in Hong Kong. Through aftercare services, we reach out to foreign and Mainland companies who have already established presence in Hong Kong to encourage them to expand their operation and to make use of Hong Kong for more management functions. We do not foresee our work in this respect in 2017-18 being affected by changes in Hong Kong's outward direct investment position.

The position and flow of Hong Kong's outward direct investment by selected major recipient country/territory in 2013-15 compiled by the Census and Statistics Department is at Annex for reference.

- End -

**Position and flow of outward direct investment
by selected major recipient country/territory[#], 2013-2015**

Outward direct investment* at market value (HK\$billion)

Major recipient country/ territory	Position at end of year			Outflow in year		
	2013	2014	2015	2013	2014	2015
British Virgin Islands	3,766.0	4,598.1	4,840.5	155.9	150.9	-16.4
The mainland of China	3,952.3	4,560.0	4,701.8	396.9	637.9	306.6
Cayman Islands	233.2	244.7	455.2	19.5	64.9	224.5
United Kingdom	232.0	242.0	248.5	1.7	2.2	17.1
Bermuda	254.6	283.3	227.0	22.4	26.2	24.0
Australia	113.5	130.3	135.4	9.2	15.6	0.6
United States of America	69.5	78.1	85.7	5.6	3.6	-17.0
Canada	73.0	73.9	74.5	-0.9	§	0.2
Singapore	80.2	84.7	71.4	-2.2	11.3	-8.2
Luxembourg	85.7	78.1	70.0	0.2	-1.7	-0.4
Other countries/territories	759.7	873.7	959.4	18.2	51.4	25.6
Macao	64.1	65.3	69.0	-4.0	-4.0	5.3
Taiwan	17.2	22.0	17.1	2.5	1.1	-4.3
Others	678.5	786.5	873.4	19.7	54.3	24.6
Total of all countries/ territories	9,619.7	11,246.9	11,869.4	626.5	962.2	556.7

Notes :

Selected based on the position of Hong Kong's outward direct investment to individual recipient countries/territories in recent years.

* Compiled based on the "directional principle" in accordance with the international statistical standards.

§ Within ±HK\$0.05 billion.

1. Individual figures may not add up to the total due to rounding.

2. Country/Territory here refers to the immediate destination economy. It does not necessarily reflect the country/territory in which the funds are ultimately used.

3. Negative outflow does not necessarily relate to equity withdrawal. It may be the result of repayment of loans by non-resident affiliates.

CONTROLLING OFFICER'S REPLY

CEDB(CIT)297

(Question Serial No. 6977)

Head: (79) Invest Hong Kong

Subhead (No. & title): (-) -

Programme: Investment Promotion

Controlling Officer: Director-General of Investment Promotion (Acting) (Ho Siu Hong, Francis)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

According to the data provided by Invest Hong Kong, the amounts of foreign direct investment inflow (FDI) into Hong Kong were \$576.2 billion in 2013, \$876.5 billion in 2014 and that of 2015 has sharply increased to \$1,351.5 billion. Please advise this Committee of the specific reasons for the substantial increase in FDI. What is the amount of FDI for 2016 according to the Government's latest statistics and, what is the FDI trend for 2017?

Asked by: Hon YIU Chung-yim (Member Question No. 151)

Reply:

According to information from the Census and Statistics Department, the increase in foreign direct investment inflow (FDI) into Hong Kong in 2014 was mainly attributable to the acquisitions or additions of equity capital in some Hong Kong enterprises which had received direct investment from abroad by multinational enterprises, and operating profits retained as reinvestment of earnings by Hong Kong enterprises which had received direct investment from abroad. The significant increase in 2015 was mainly attributable to some significant corporate restructuring and related merger and acquisition activities, and operating profits retained as reinvestment of earnings by Hong Kong enterprises which had received direct investment from abroad. The relevant figure for 2016 will be available in around end 2017.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)298

(Question Serial No. 4152)

Head: (168) Hong Kong Observatory

Subhead (No. & title): ()

Programme: (3) Time Standard and Geophysical Services

Controlling Officer: Director of the Hong Kong Observatory (SHUN Chi-ming)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Please set out in tabular form the sighting of an Unidentified Flying Object (UFO) in the 18 districts in Hong Kong recorded by the Hong Kong Observatory in the past 5 years. Which district and which time slot have recorded the highest number of UFO sightings?

Asked by: Hon CHAN Chi-chuen (Member Question No. 110)

Reply:

The Hong Kong Observatory received a total of 102 reports of Unidentified Flying Object (UFO) from members of the public from 2012 to 2016. The numbers of reports each year by districts are shown in Annex A, and those by time slots are shown in Annex B. Yuen Long is the district with the highest number of UFO sightings, 10. The time slot from 6:00 p.m. to 7:59 p.m. has the highest number of UFO sightings, 19.

Number of sightings of Unidentified Flying Object (UFO) by members of the public
from 2012 to 2016 by districts

District	Calendar Year					Sub-total of each district in 2012-2016
	2012	2013	2014	2015	2016	
Hong Kong Island – Eastern	2	1	2	1	1	7
Hong Kong Island – Wan Chai	1	1	3	-	1	6
Hong Kong Island – Central and Western	-	-	-	2	1	3
Hong Kong Island –Southern	2	1	1	-	1	5
Kowloon East – Kwun Tong	1	1	-	-	-	2
Kowloon East – Wong Tai Sin	-	-	1	-	-	1
Kowloon West – Yau Tsim Mong	-	1	-	-	2	3
Kowloon West – Kowloon City	-	1	-	1	-	2
Kowloon West – Sham Shui Po	-	1	-	1	-	2
New Territories East – Sai Kung	-	3	-	-	3	6
New Territories East – Sha Tin	2	3	2	1	-	8
New Territories East – Tai Po	2	3	-	-	-	5
New Territories East – North	1	-	1	-	1	3
New Territories West – Kwai Tsing	-	1	1	3	-	5
New Territories West – Tsuen Wan	1	1	2	-	-	4
New Territories West – Tuen Mun	-	-	2	-	1	3
New Territories West – Yuen Long	5	2	1	1	1	10
New Territories West – Islands	1	1	1	-	3	6
Others (District not mentioned in reports)	9	4	4	-	4	21
Sub-total of all districts each year	27	25	21	10	19	-
Total	102					

Number of sightings of Unidentified Flying Object (UFO) by members of the public
from 2012 to 2016 by time of the day

Time Slot	Calendar Year					Sub-total of each time slot in 2012-2016
	2012	2013	2014	2015	2016	
00:00-01:59	3	1	2	1	-	7
02:00-03:59	2	1	-	-	2	5
04:00-05:59	1	-	-	-	-	1
06:00-07:59	-	-	1	1	-	2
08:00-09:59	-	-	1	1	-	2
10:00-11:59	-	-	1	-	1	2
12:00-13:59	-	4	1	1	-	6
14:00-15:59	-	-	-	-	2	2
16:00-17:59	-	1	4	2	1	8
18:00-19:59	3	6	1	1	8	19
20:00-21:59	8	1	2	3	1	15
22:00-23:59	2	5	3	-	-	10
Others (Time not mentioned in reports)	8	6	5	-	4	23
Sub-total of all time slots each year	27	25	21	10	19	-
Total	102					

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)299

(Question Serial No. 0813)

Head: (168) Hong Kong Observatory

Subhead (No. & title): (000) Operational expenses

Programme: (1) Weather Services

Controlling Officer: Director of the Hong Kong Observatory (SHUN Chi-ming)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The percentage of forecasts perceived as accurate by the public is significantly lower than several other indicators (i.e. “the percentage of accurate public forecasts as verified by objective means”, “the percentage of accurate forecasts as assessed by ship captains”, “the percentage of accurate forecasts as assessed by airline operators”). Has the Hong Kong Observatory conducted any study to find out the reasons for that?

Asked by: Hon CHAN Hak-kan (Member Question No. 49)

Reply:

The percentages of forecasts perceived as accurate by the public, ship captains and airline companies represent the respective subjective impression assessment made by the three groups in response to telephone surveys or questionnaires. Since the content, time horizon and areas of interest given in the weather forecasts to various user groups are different, and the user groups' requirements are not the same, the respective subjective impression assessments cannot be compared directly.

Since the “percentage of accurate public forecasts as verified by objective means” is the objective results after verification, it cannot be compared directly with the respective subjective impression assessments made by various user groups.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)300

(Question Serial No. 3713)

Head: (168) Hong Kong Observatory

Subhead (No. & title): ()

Programme: (1) Weather Services

Controlling Officer: Director of the Hong Kong Observatory (SHUN Chi-ming)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

1. Please provide the expenditure of the Community Weather Information Network (Co-WIN) in 2017-18 as well as the objectives and specific estimates for promoting Co-WIN in 2017-18.
2. Please list the details of the initiative of the Hong Kong Observatory to deliver weather services through social networking platforms, and the estimated expenditure involved in 2017-18.
3. Please state the details of the Observatory's enhancement of media weather services and the estimated expenditure involved in 2017-18.
4. Please provide the total number of downloads of the mobile application "MyObservatory" since its launch. Please provide the expenditure for the Observatory's regular updating of its mobile application "MyObservatory" in 2016-17.

Asked by: Hon CHAN Tanya (Member Question No. 544)

Reply:

1. The Community Weather Information Network (Co-WIN) is a Hong Kong Observatory (HKO) public education initiative in collaboration with the Hong Kong Polytechnic University and the Chinese University of Hong Kong. Network members share weather observation data through a platform on the Internet for real-time public dissemination. In 2017-18, Co-WIN will continue to organise the "Weather Observation Investigative Study and Weather Photos Competition" to encourage students to undertake first-hand weather observations, so as to enhance their knowledge of weather and climate. HKO carries out such work using existing resources. As the expenditure has been subsumed into the provision for HKO, it is difficult to quantify it separately.

2. In 2017-18, HKO will continue to utilise various social media platforms including YouTube, Twitter, Sino Weibo and WeChat to provide weather services (including weather programmes, weather reports, warnings of hazardous weather and earthquake messages), as well as to promote weather observation and meteorological education. HKO uses existing resources to provide such services. As the expenditure has been subsumed into the provision for HKO, it is difficult to quantify it separately.

Also, HKO plans to officially launch a Facebook page by early 2018 to enhance weather services and public communication via the social media. Estimated expenditure in 2017-18 for developing such services is around \$3.2 million, which covers the costs of purchasing relevant hardware and software and engaging contract staff.

3. In 2017-18, HKO will continue to provide the media with its self-produced television weather programmes and “Cool Met Stuff” public education videos. HKO will also produce a series of public education videos related to the 100th anniversary of the numbered tropical cyclone signal system to further enhance disaster prevention awareness of the public. HKO provides media weather services with existing resources. As the expenditure has been subsumed into the provision for HKO, it is difficult to quantify it separately.
4. The total number of downloads of “MyObservatory” mobile app from its launch to end-February 2017 is about 6.29 million. HKO uses existing manpower to update the mobile app. As the expenditure has been subsumed into the provision for HKO, it is difficult to quantify it separately.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)301

(Question Serial No. 3715)

Head: (168) Hong Kong Observatory

Subhead (No. & title): (000) Operational expenses

Programme: (3) Time Standard and Geophysical Services

Controlling Officer: Director of the Hong Kong Observatory (SHUN Chi-ming)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Please list the number of seminars on climate change expected to be organised by the Hong Kong Observatory and the estimated expenditure involved in 2017-18.

Asked by: Hon CHAN Tanya (Member Question No. 546)

Reply:

In 2017-18, the Hong Kong Observatory (HKO) plans to organise around 50 seminars on climate change. HKO carries out this task with existing resources. As the expenditure has been subsumed into the provision for HKO, it is difficult to quantify it separately.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)302

(Question Serial No. 5386)

Head: (168) Hong Kong Observatory

Subhead (No. & title): (000) Operational expenses

Programme: (3) Time Standard and Geophysical Services

Controlling Officer: Director of the Hong Kong Observatory (SHUN Chi-ming)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Will the Hong Kong Observatory arrange additional resources and manpower in monitoring climate change in Hong Kong to support the Environmental Protection Department and other government departments in combating climate change and fulfilling requirements arising the Paris Agreement?

Asked by: Hon CHAN Tanya (Member Question No. 36)

Reply:

Over the years, the Hong Kong Observatory (HKO) has been keeping abreast of the latest development in global climate change, monitoring climate change in Hong Kong, conducting research on relevant topics, and providing scientific input to bureaux/departments and stakeholders in support of initiatives to combat climate change. HKO carries out such work with existing resources. As the expenditure has been subsumed into the provision for HKO, it is difficult to quantify it separately.

In 2017-18, HKO plans to organise around 50 talks on climate change in schools in various districts, and hold an exhibition on climate change to celebrate the World Environment Day in June 2017. HKO will also collaborate with Radio Television Hong Kong to produce a series of radio programmes with climate change themes, which is scheduled for broadcast from April to June 2017.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)303****(Question Serial No. 1391)**Head: (168) Hong Kong ObservatorySubhead (No. & title): ()Programme: (1) Weather ServicesControlling Officer: Director of the Hong Kong Observatory (SHUN Chi-ming)Director of Bureau: Secretary for Commerce and Economic DevelopmentQuestion:

Regarding the Cold Weather Warning, please advise on the number of warnings issued by the Hong Kong Observatory in the past three years (2014-15 to 2016-17), and the number on those involving reported death of or damage to vegetables and fish.

Asked by: Hon HO Chun-yin, Steven (Member Question No. 3)Reply:

The number of Cold Weather Warnings issued by the Hong Kong Observatory in the past three years (2014-15 to 2016-17) is as follows:

	No. of Cold Weather Warnings Issued	No. of times involving reported loss of crops or death of fish [#]
April 2014 – March 2015	8	Crops: 0; Fish: 0
April 2015 – March 2016	8	Crops: 1; Fish: 5
April 2016 – February 2017 (up to end of February)	4	Crops: 0; Fish: 0

[#] Figures provided by Agriculture, Fisheries and Conservation Department.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)304

(Question Serial No. 4621)

Head: (168) Hong Kong Observatory

Subhead (No. & title): ()

Programme: (1) Weather Services

Controlling Officer: Director of the Hong Kong Observatory (SHUN Chi-ming)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Please provide a detailed breakdown of the estimated economic loss of Hong Kong when typhoon signal no. 8 or above or black rainstorm warning signal is issued by the Hong Kong Observatory each time in the past 3 years.

Asked by: Hon KWOK Ka-ki (Member Question No. 122)

Reply:

The Hong Kong Observatory issues weather warnings (including tropical cyclone warning signals and rainstorm warning signals) on the basis of science and protection of the safety of lives, and, in doing so, does not make predictions on Hong Kong's economic loss.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)305

(Question Serial No. 3405)

Head: (168) Hong Kong Observatory

Subhead (No. & title): ()

Programme: () Not Specified

Controlling Officer: Director of the Hong Kong Observatory (SHUN Chi-ming)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Does your department provide sign language interpretation services? If yes, what are the manpower and staff expenditure involved? If no, what are the reasons?

Asked by: Hon LEUNG Yiu-chung (Member Question No. 208)

Reply:

The Hong Kong Observatory will, having regard to service need, arrange sign language interpretation services through related service providers. These services are not directly provided by our staff, hence there are no related manpower and staff expenditure under Head 168.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)306

(Question Serial No. 6873)

Head: (168) Hong Kong Observatory

Subhead (No. & title): ()

Programme: Not Specified

Controlling Officer: Director of the Hong Kong Observatory (SHUN Chi-ming)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Regarding outsourcing of services in your department, please inform this Committee of the following in respect of the past 3 years:

1. the total number of outsourced service staff employed by your department and the percentage of outsourced service staff against the total number of staff with the same types of duties in your department;
2. the total expenditure on staff of your department; the total amount paid to outsourced service providers; and the percentage of amount paid to outsourced service providers against the total expenditure on staff of your department; and
3. the nature of your department's outsourced services and the duration of the relevant contracts.

In addition, according to the Government's guidelines for tendering of outsourced services revised last year, if the procured service relies heavily on the deployment of non-skilled workers, and a marking scheme for assessing the tenders is adopted, the procuring department, when assessing the tenders, should include in the assessment criteria the evaluation of tenderers' proposed wage rates and working hours for non-skilled workers. In this regard, please inform this Committee of the following:

4. the current number of outsourced service contracts involving a large number of non-skilled workers awarded by your department since implementation of the guidelines;
5. the departments which have adjusted their assessment criteria in respect of wage rates and working hours for the outsourced service contracts involving a large number of non-skilled workers in the light of the new guidelines since their implementation; how your department has made adjustment; and if no relevant information is available, the reasons for it;

6. whether there have been any rises in the average wage rates for workers in the contracts of outsourced services that rely heavily on deployment of non-skilled workers since the implementation of the guidelines; if yes, the number of contracts with rises in wage rates; if no relevant information is available, the reasons for it;
7. your department's measures to evaluate the effectiveness of the new tendering guidelines;
8. whether your department is required to adopt the existing mechanism of two-envelope assessment of the technical and price aspects when evaluating tenders for contracts of outsourced service; if no, the number of contracts awarded without adopting the existing mechanism of two-envelope assessment of the technical and price aspects in the past 3 years;
9. the annual numbers of cases of government service contractors breaching the service contracts, the Employment Ordinance or the Occupational Safety and Health Ordinance as revealed by the inspections conducted by your department, and the annual numbers of complaints lodged by the outsourced service staff;
10. the details of follow-up actions on the aforementioned non-compliance and complaint cases; and
11. the number and details of cases involving contractors being punished for non-compliance or sustained complaints.

Asked by: Hon LEUNG Yiu-chung (Member Question No. 129)

Reply:

(1) – (3) In each of the past three years, the Hong Kong Observatory (HKO) awarded a one-year security service contract and a one-year cleansing service contract. The two contracts involved a total of ten outsourced service staff each year, which accounted for 50% of the total number of staff performing the same types of duties in HKO. The total expenditure on in-house HKO staff and the total amount paid to outsourced service providers in the past three years (as at 28 February 2017) by HKO are \$545 million and \$5.74 million respectively. The percentage of amount paid to the outsourced service providers against the total expenditure on in-house HKO staff is about 1.05%.

(4) – (8) HKO's outsourced services only involved a small number of non-skilled workers. When evaluating tenders for contracts of outsourced service, HKO follows the procedures as laid down in the Government's Stores and Procurement Regulations in determining the evaluation criteria. Where it is considered necessary to evaluate the technical and price aspects of tenders separately, including the use of a marking scheme, HKO will adopt a two-envelope approach where appropriate.

(9) – (11) HKO has not received any complaint lodged by outsourced service staff against our service contractors against their breaching of the service contracts, the Employment Ordinance or the Occupational Safety and Health Ordinance.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)307

(Question Serial No. 2211)

Head: (168) Hong Kong Observatory

Subhead (No. & title): ()

Programme: (3) Time Standard and Geophysical Services

Controlling Officer: Director of the Hong Kong Observatory (SHUN Chi-ming)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

What sort of public education activities will the government organize in 2017-18 to raise public awareness of climate change issues? And how frequent will these activities be organized? Will the public education activities be roving events in the 18 districts in Hong Kong?

Asked by: Hon QUAT Elizabeth (Member Question No. 38)

Reply:

In 2017-18, the Hong Kong Observatory (HKO) plans to organise around 50 talks on climate change in schools in various districts, and hold an exhibition on climate change to celebrate the World Environment Day in June 2017. HKO will also collaborate with Radio Television Hong Kong to produce a series of radio programmes with climate change themes, which is scheduled for broadcast from April to June 2017.

The Environment Bureau and other relevant bureaux and departments will organise various public education activities to raise public awareness of climate change issues as well.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)308

(Question Serial No. 5404)

Head: (168) Hong Kong Observatory

Subhead (No. & title): ()

Programme: (3) Time Standard and Geophysical Services

Controlling Officer: Director of the Hong Kong Observatory (SHUN Chi-ming)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Regarding Time Standard and Geophysical Services, the Observatory says that it “keeps abreast of research and development on international issues such as global climate change and advises the public and government departments on the likely implications”. In this connection, will the Government advise this Committee: the annual operational expenditure and salary expenditure in relation to the mentioned tasks for the past three years and 2017-18; the posts of officers responsible for the tasks; the work plan of 2017-18, in particular the promotion of public awareness on climate change; how to strengthen the Observatory's contribution to climate change issues on the international arena in the face of climate denial in certain countries?

Asked by: Hon YIU Chung-yim (Member Question No. 134)

Reply:

Over the years, the Hong Kong Observatory (HKO) has been keeping abreast of the latest development in global climate change and providing scientific input to bureaux/departments and stakeholders in support of initiatives to combat climate change. HKO has also been providing scientific input on relevant issues to the Intergovernmental Panel on Climate Change.

In 2017-18, HKO plans to organise around 50 talks on climate change in schools in various districts, and hold an exhibition on climate change to celebrate the World Environment Day in June 2017. HKO will also collaborate with Radio Television Hong Kong to produce a series of radio programmes with climate change themes, which is scheduled for broadcast from April to June 2017.

The aforementioned tasks are mainly undertaken by HKO staff in the Scientific Officer and the Experimental Officer grades with existing resources. As the expenditure has been subsumed into the provision for HKO, it is difficult to quantify it separately.

The Environment Bureau and other relevant bureaux and departments will organise various public education activities to raise public awareness of climate change issues as well.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)309

(Question Serial No. 5405)

Head: (168) Hong Kong Observatory

Subhead (No. & title): ()

Programme: (3) Time Standard and Geophysical Services

Controlling Officer: Director of the Hong Kong Observatory (SHUN Chi-ming)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Regarding Time Standard and Geophysical Services, the Observatory says that it “maintains the Hong Kong time standard, provides time signals for the public and contributes to the International Bureau of Weights and Measures for the determination of the universal standard time”. In this connection, will the Government advise this Committee: the annual operational expenditure and salary expenditure in relation to the mentioned tasks for the past three years and 2017-18; the posts of officers responsible for the tasks; whether the Observatory contributes to the international collaboration on the determination of the universal standard time, such as the recent international discussion on dispensing the need to apply leap second. If yes, what are the contributions? If no, what are the reasons?

Asked by: Hon YIU Chung-yim (Member Question No. 133)

Reply:

The “Geophysics, Time and Marine Meteorological Services” division of the Hong Kong Observatory (HKO), led by a senior scientific officer, provides the time service with existing resources. As the expenditure has been subsumed into the provision for HKO, it is difficult to quantify it separately.

The Coordinated Universal Time (UTC) is currently the international time scale for civil use. Respective atomic clock data from time service authorities and time laboratories over the world, including those from HKO, are transmitted regularly to the International Bureau of Weights and Measures for determining UTC, after analysing the stability of various atomic clocks.

To ensure UTC based on atomic clocks does not differ from the Earth's rotational time by more than 0.9 second, the International Earth Rotation and Reference Systems Service at Paris will decide when to add or subtract one leap second. Time service authorities and time laboratories all over the world, including HKO, will make adjustments accordingly and simultaneously.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)310

(Question Serial No. 1073)

Head: (168) Hong Kong Observatory

Subhead (No. & title): ()

Programme: (1) Weather Services

Controlling Officer: Director of the Hong Kong Observatory (SHUN Chi-ming)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

In connection with the “Hong Kong Weather Information for Tourists” webpage newly launched by the Hong Kong Observatory,

(1) Will the Commerce and Economic Development Bureau provide the number of pageviews of the webpage since its launch?

(2) What are the expenses involved for developing the “Hong Kong Weather Information for Tourists” webpage?

(3) What promotional plans does the Government have in future to attract more visitors to use the service provided by the webpage?

(4) What are the update plans for the "Hong Kong Weather Information for Tourists" webpage and what kind of new functions will be added to the webpage to suit the needs of tourists making weather enquiry?

(5) What is the estimated expenditure for the webpage in 2017-2018?

Asked by: Hon YIU Si-wing (Member Question No. 26)

Reply:

- (1) The “Hong Kong Weather Information for Tourists” website registered was launched on 23 December 2016. As at 28 February 2017, the website has about 1.8 million page views.

- (2) The Hong Kong Observatory (HKO) uses existing resources to develop and operate the “Hong Kong Weather Information for Tourists” website. As the expenditure has been subsumed into the provision for HKO, it is difficult to quantify it separately.
- (3) The Hong Kong Tourism Board has included on its website a hyperlink to the “Hong Kong Weather Information for Tourists” website, and will distribute pamphlets on the latter at its Visitor Centres.
- (4) To better meet the needs of tourists, HKO plans to add weather information for more local tourist attractions on the “Hong Kong Weather Information for Tourists” website and provide also hyperlinks to websites of local tourist attractions.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)311

(Question Serial No. 0536)

Head: (181) Trade and Industry Department

Subhead (No. & title): (-) -

Programme: (3) Support for Small and Medium Enterprises and Industries

Controlling Officer: Director-General of Trade and Industry (Salina YAN)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

1. Under Programme (3) Support for Small and Medium Enterprises and Industries, the Trade and Industry Department administers 3 Small and Medium Enterprises (SMEs) Funding Schemes, namely the SME Loan Guarantee Scheme (SGS), the SME Export Marketing Fund (EMF) and the SME Development Fund (SDF). A capital injection of \$1.5 billion into the EMF and SDF together with enhancement measures to both schemes took effect in 2015. Will the Government please advise the Committee by itemising in details on how these funding schemes were implemented over the past year; what was the expenditure involved and how many SMEs were benefited. What is the implementation plan for 2017-18? What is the estimated expenditure?

2. In Analysis of Financial and Staffing Provision, the provision for 2017-18 under Programme (3) is \$30.9 million (6.2%) higher than the revised estimate for 2016-17. This is mainly due to increased cash flow requirements for funding schemes. 4 posts are newly created in 2017-18. What are the details?

Asked by: Hon CHUNG Kwok-pan (Member Question No. 1)

Reply:

The implementation status of the SME Loan Guarantee Scheme (SGS), the SME Export Marketing Fund (EMF) and the SME Development Fund (SDF) in 2016 is as follows:

	Number of applications approved	Number of SME beneficiaries	Amount of guarantees/ grant approved by the Government (\$ million)
SGS	737	701	965.4
EMF	9 614	6 224	158.4
SDF	15	Not applicable ^{Note 1}	28.6

^{Note 1}: SDF does not provide direct funding support to SMEs but to non-profit-distributing organisations (such as trade and industrial organisations, professional bodies or research institutes, etc.). The number of beneficiaries depends on the industries involved and the details of individual projects, and is difficult to estimate accurately.

In 2017-18, the Trade and Industry Department will continue to assist enterprises in obtaining finance, exploring markets and enhancing their overall competitiveness through the above schemes. The revised estimated expenditure of 2016-17 and the estimated expenditure of 2017-18 of the above schemes are as follows ^{Note 2}:

	Revised estimated expenditure of 2016-17 (\$ million)	Estimated expenditure of 2017-18 (\$ million)
EMF	170.5	170.5
SDF	25.3	25.4

^{Note 2}: Under the SGS, the Government acts as the guarantor when individual SMEs apply for loans from lending institutions. The guarantee approved by the Government is not a subsidy, and is thus not included in the expenditure. We estimate that the amount of guarantee approved by the Scheme in 2017-18 is similar to that in 2016-17 at \$950 million.

The provision under Programme (3) is for meeting the expenditure of all funding schemes of the Trade and Industry Department and the operational expenses relating to Programme (3). There is an increase in the provision of 2017-18 when compared to the revised expenditure of 2016-17. This is mainly due to the significant increase in the number of applications received and approved for the Enterprise Support Programme (ESP) of the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund). The Government launched the “ESP Easy – Simplified Application Track” (“ESP Easy”) under the ESP of BUD Fund in August 2015 to encourage enterprises to apply for funding to undertake specified activities ^{Note 3} through a set of simplified application procedures. “ESP Easy” was well-received by the trade. The number of application processed for the ESP has increased from 196 in 2015 to 514 in 2016 (excluding all applications withdrawn). The provision of Government grants concerned has increased accordingly. We estimate that the number of applications for the ESP in 2017-18 and the required provision of Government grants will be at similar level.

The Department will create 4 civil service posts (2 Assistant Trade Officers II and 2 Assistant Clerical Officers) in 2017-18 to replace the 4 existing non-civil service contract positions to assist in the ongoing work of processing applications under the EMF.

Note ³: Including participation in Mainland exhibitions, establishment or enhancement of websites or online shops, development or enhancement of mobile applications, placement of advertisements in the Mainland, undertaking testing and certification for products for domestic sales, design and production of physical publicity materials for distribution in the Mainland, and application for registration of patent, trademark, design and utility model in the Mainland.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)312

(Question Serial No. 1591)

Head: (181) Trade and Industry Department

Subhead (No. & title): (-) -

Programme: (1) Commercial Relations

Controlling Officer: Director-General of Trade and Industry (Salina YAN)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

In 2016-17, the Trade and Industry Department facilitated adjustment by the trade to changes in the Mainland's trade and economic policies of significant impact on business operations and in the global economic environment. Will the Government please advise what has been done in this area in the past year? What was the expenditure involved? What was the effectiveness? What are the specific measures that the Government will take to facilitate the trade in adjusting to the Mainland's trade and economic policies as well as global economic changes in the coming year? What will be the expenditure involved?

Asked by: Hon CHUNG Kwok-pan (Member Question No. 10)

Reply:

In 2016-17, the Trade and Industry Department (TID) has maintained close liaison with the trade through various channels, so as to understand the trade's concerns and views. At the same time, we have maintained close liaison with the Mainland authorities at various levels (including through the Hong Kong/Guangdong Expert Group on the Restructuring and Upgrading of the Processing Trade) to relay to them the trade's views and to discuss with them support measures for the trade. For example, the trade informed TID of the problems they encountered in the paper, electroplating and environmental industries in the Mainland in late 2016. TID immediately followed up on the issues and through the coordination of the Hong Kong Economic and Trade Office in Guangdong, a meeting was held between relevant authorities in Guangdong Province and representatives from the Hong Kong trade in early 2017 to discuss the particular situation and the policies concerned.

In addition, TID from time to time disseminates information to the trade by means of circulars to enhance the trade's understanding of the Mainland's new trade policies, legislation and business environment. A total of about 700 relevant circulars were issued in 2016-17. TID's website also includes a dedicated page on economic and trade information of the Mainland, with hyperlinks to the economic and trade websites of about 200 Mainland

authorities, so as to facilitate Hong Kong enterprises in getting access to economic and trade information of the Mainland on one single platform.

In face of changes in the global economic environment, TID has been supporting the trade through various aspects of work, and the relevant tasks carried out by TID are as follows:

- (i) Monitoring closely changes in the trade regulations of our trading partners and the trade remedy measures against Hong Kong-origin products, disseminating relevant information through commercial trade circulars and giving prompt advice to local traders and manufacturers, and lodging timely defence against any unfair or unfounded allegations and measures;
- (ii) Promoting trade and investment cooperation with other economies (including emerging markets), including negotiating Free Trade Agreements and Investment Promotion and Protection Agreements; and
- (iii) Participating in regional economic cooperation organisations, in particular the work of the Asia-Pacific Economic Cooperation and Pacific Economic Cooperation Council, discussing with other members the challenges brought about by the changes in the regional and global economic environment and the ways to address them, promoting regional economic growth and integration as well as enhancing the business environment in the region.

In 2017-18, TID will continue to monitor changes in the Mainland's economic and trade policies of significant impact on business operations and in the global economic environment to provide the trade with appropriate assistance and enhance trade and investment cooperation with other economies. We will also continue to strengthen liaison with emerging markets, and encourage and support the trade to tap into these markets.

The expenditure of the above work has been subsumed under the overall estimated expenditure of TID. It is difficult to quantify separately.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)313

(Question Serial No. 1592)

Head: (181) Trade and Industry Department

Subhead (No. & title): (-) -

Programme: (2) Trade Support and Facilitation

Controlling Officer: Director-General of Trade and Industry (Salina YAN)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Regarding the work of trade support and facilitation, the matters which the Trade and Industry Department will pay special attention to in 2017-18 include liaising closely with the Mainland authorities and local traders on the Mainland issues of significant impact on business operations, and helping to reflect the trade's concerns to the relevant Mainland authorities. Please advise on the work done in 2016-17. Which provincial and municipal authorities in the Mainland were liaised with, particularly on matters affecting small and medium enterprises? What specific work has been carried out? Please advise on the expenditure involved by itemising. How will such work be implemented in the new financial year and what are the specific measures and targets? What is the estimated expenditure?

Asked by: Hon CHUNG Kwok-pan (Member Question No. 11)

Reply:

In 2016-17, the Trade and Industry Department (TID) has maintained close liaison with the trade through various channels so as to understand the trade's concerns and views. At the same time, we have maintained close liaison with the Mainland authorities at various levels (including through the Hong Kong/Guangdong Expert Group on the Restructuring and Upgrading of the Processing Trade) to relay to them the trade's views and to discuss with them support measures for the trade. For example, the trade informed TID of the problems they encountered in the paper, electroplating and environmental industries in the Mainland in late 2016. TID immediately followed up on the issues and through the coordination of the Hong Kong Economic and Trade Office in Guangdong, a meeting was held between relevant authorities in Guangdong Province and representatives from the Hong Kong trade in early 2017 to discuss the particular situation and the policies concerned.

In addition, TID from time to time disseminates information to the trade by means of circulars to enhance the trade's understanding of the Mainland's new policies, legislation and business environment. A total of about 700 relevant circulars were issued in 2016-17. TID's website also includes a dedicated page on economic and trade information of the Mainland, with hyperlinks to the economic and trade websites of about 200 Mainland authorities, so as to facilitate Hong Kong enterprises in getting access to economic and trade information of the Mainland on one single platform.

In 2017-18, TID will continue to implement the above measures to assist Hong Kong enterprises in operating in the Mainland.

The expenditure of the above work has been subsumed under the overall expenditure of TID this year and the overall estimated expenditure for the new financial year. It is difficult to quantify separately.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)314

(Question Serial No. 1594)

Head: (181) Trade and Industry Department

Subhead (No. & title): (-) -

Programme: (3) Support for Small and Medium Enterprises and Industries

Controlling Officer: Director-General of Trade and Industry (Salina YAN)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

One of the tasks of the Trade and Industry Department (TID) in support of the small and medium enterprises (SMEs) and industries is to assist Hong Kong enterprises in the development and promotion of brands to enhance their competitiveness in the Mainland and overseas markets. The Government has indicated in recent years that it would assist in the promotion of "Hong Kong Brands". What efforts has TID made in this area over the past 3 years? Please advise on the expenditure involved by itemising in details. How will the relevant work be implemented in 2017-18 and what are the details? What are the specific measures? What is the estimated expenditure?

Asked by: Hon CHUNG Kwok-pan (Member Question No. 12)

Reply:

TID endeavours to assist Hong Kong enterprises in developing brands and exploring the Mainland and overseas markets. Its SME Export Marketing Fund (EMF) provides financial support to small and medium enterprises (SMEs) in participating in export promotion activities; while the SME Development Fund (SDF) provides financial support to non-profit-distributing organisations to carry out projects which enhance the competitiveness of SMEs in general or in specific sectors in Hong Kong.

The Government injected \$1.5 billion into the above-mentioned Funds in 2015-16 and implemented enhancement measures, including increasing the maximum amount of funding support for each project under the SDF from \$2 million to \$5 million and expanding the funding scope of the EMF, so as to enhance the support of the two funds to SMEs.

In addition, the Government launched the \$1 billion Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) in June 2012 to provide funding support to Hong Kong enterprises and non-profit-distributing organisations, so as to assist enterprises in enhancing their competitiveness and furthering their business development in the Mainland. Up to end February 2017, 806 and 59 applications were approved under the Enterprise Support Programme and Organisation Support Programme of the BUD Fund respectively, and the total amount of funding approved were \$287 million and \$194 million respectively.

The expenditure of the above funds over the past 3 years and the estimated expenditure for 2017-18 are as follows:

2014-15 (Actual expenditure)	2015-16 (Actual expenditure)	2016-17 (Revised estimated expenditure)	2017-18 (Estimated expenditure)
330 million	260 million	278 million	307 million

Over the past 3 years, TID also co-organised seminars from time to time with the Hong Kong Trade Development Council, local business associations and other relevant organisations in which renowned local, Mainland and overseas entrepreneurs and experts were invited to share their experience in establishing brands and market development strategies. In addition, TID disseminated practical reference information related to brand development to Hong Kong enterprises through various channels (such as brand promotion website). We will continue our work on this in 2017-18 and the expenses involved will be covered by the recurrent expenditure of TID.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)315

(Question Serial No. 1823)

Head: (181) Trade and Industry Department

Subhead (No. & title): (-) -

Programme: (3) Support for Small and Medium Enterprises and Industries

Controlling Officer: Director-General of Trade and Industry (Salina YAN)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The aim of the work of the Trade and Industry Department (TID) under this programme is to support and facilitate the development of Hong Kong's small and medium enterprises (SMEs) and industries. Would the Government please advise this Committee of its specific work and resources or expenses on facilitating the development of Hong Kong's industries in the past year? How will TID complement with the promotion of "re-industrialisation" proposed by the Financial Secretary in the Budget Speech? What are the new work plans for facilitating the development of Hong Kong's industries in 2017-18? What is the expenditure involved? Meanwhile, in recent years, a number of manufacturers who have set up factories in the Mainland intend to relocate back to Hong Kong for development. Will the Government provide support to them? If yes, what are the specific measures? What are the resources to be allocated? If not, what are the reasons?

Asked by: Hon CHUNG Kwok-pan (Member Question No. 37)

Reply:

In 2016-17, the Trade and Industry Department (TID) liaised closely with the trade and business associations, and provided timely and adequate support in response to issues of concern to the trade. TID also discussed with the trade issues affecting their development and support measures for them through various advisory boards, such as the Trade and Industry Advisory Board and Small and Medium Enterprises Committee, etc.

TID further provided enterprises including manufacturers with the latest market information and advisory services through different channels, and administered various funding schemes (including the SME Loan Guarantee Scheme (SGS), the SME Export Marketing Fund (EMF), the SME Development Fund (SDF) as well as the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund)) to enhance the competitiveness of enterprises of different industries. TID will continue to implement the above measures in 2017-18. In addition, we will extend the application period of the BUD Fund for five years to provide continued support to Hong Kong enterprises in enhancing their competitiveness and furthering business development in the Mainland through developing brands, upgrading and restructuring operations and developing the domestic sales market.

The Government's policy on support for industry is to create a business-friendly environment for the trade and provide them with timely and appropriate support so that our trade can flourish. Some enterprises, especially those engaging in high-end manufacturing, are well-positioned to consider performing high value-added production processes that are less land and labour-intensive in Hong Kong. Hong Kong enterprises, including those interested in relocating their operations back to Hong Kong, can obtain support through TID's various support schemes mentioned above in areas such as obtaining finance and enhancing their overall competitiveness.

The expenditure of the above work has been subsumed under the overall estimated expenditure of the bureaux/departments concerned. It is difficult to quantify separately.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)316

(Question Serial No. 1541)

Head: (181) Trade and Industry Department

Subhead (No. & title): (-) -

Programme: (3) Support for Small and Medium Enterprises and Industries

Controlling Officer: Director-General of Trade and Industry (Salina YAN)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Government has mentioned that the aim of the Trade and Industry Department (TID) under this programme is to support and facilitate the development of Hong Kong's small and medium enterprises (SMEs) and industries. In this regard, would the Government please advise this Committee:

- (a.) the reason(s) for the 6.2% increase of this year's estimate under this programme;
- (b.) what measures have been taken by the Government over the past year to facilitate the development of Hong Kong's industries, especially manufacturing and light industries; and
- (c.) what measures the Government will take in 2017-18 to facilitate the development of Hong Kong's industries and what the estimated expenditure of such work is?

Asked by: Hon HO Kai-ming (Member Question No. 23)

Reply:

Provision of Programme (3) for 2017-18 is \$30.9 million higher than the revised estimate for 2016-17. This is mainly due to the increased cash flow requirements for funding schemes, including the SME Loan Guarantee Scheme (SGS), the SME Export Marketing Fund (EMF), the SME Development Fund (SDF) as well as the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund), etc. The increase in other operational expenses mainly arises from increased provision for salary increments and personnel related salary and expenses.

In 2016-17, the Trade and Industry Department (TID) liaised closely with the trade and business associations, and provided timely and appropriate support in response to issues of concern to the trade. TID also discussed with the trade issues affecting their development and support measures for them through various advisory boards, such as the Trade and Industry Advisory Board and Small and Medium Enterprises Committee, etc.

TID further provided enterprises including manufacturers with the latest market information and advisory services through different channels, and administered various funding schemes (including the SGS, the EMF, the SDF as well as the BUD Fund) to enhance the competitiveness of enterprises of different industries. TID will continue to implement the above measures in 2017-18. In addition, the application period of the BUD Fund will be extended for five years to provide continued support to Hong Kong enterprises in enhancing their competitiveness and furthering business development in the Mainland through developing brands, upgrading and restructuring operations and developing the domestic sales market.

The expenditure of the above work has been subsumed under the overall estimated expenditure of the bureaux/departments concerned. It is difficult to quantify separately.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)317

(Question Serial No. 1558)

Head: (181) Trade and Industry Department

Subhead (No. & title): (-) -

Programme: (3) Support for Small and Medium Enterprises and Industries

Controlling Officer: Director-General of Trade and Industry (Salina YAN)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Government has mentioned that the work of Trade and Industry Department (TID) under this programme includes assisting Hong Kong enterprises in the development and promotion of brands to enhance their competitiveness in the Mainland and overseas markets. In this regard, would the Government please advise this Committee:

(a.) what measures have been taken by the Government specifically to promote “Hong Kong brands” in the Mainland and overseas markets;

(b.) what brands and products have been supported over the past year by the “Dedicated Fund on Branding, Upgrading and Domestic Sales” (the BUD Fund) under such work; to what areas was the fund applied (please list by brands and products); and

(c.) what measures will the Government take in 2017-18 to promote the development of “Hong Kong brands” and what is the estimated expenditure of such work?

Asked by: Hon HO Kai-ming (Member Question No. 24)

Reply:

The Trade and Industry Department (TID) endeavours to assist Hong Kong enterprises in developing brands and exploring the Mainland and overseas markets. Its SME Export Marketing Fund (EMF) provides financial support to small and medium enterprises (SMEs) in participating in export promotion activities; while the SME Development Fund (SDF) provides financial support to non-profit-distributing organisations to carry out projects which enhance the competitiveness of SMEs in general or in specific sectors in Hong Kong.

In addition, the Government launched the \$1 billion Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) in June 2012 to provide funding support to Hong Kong enterprises and non-profit-distributing organisations, so as to assist enterprises in enhancing their competitiveness and furthering their business development in the Mainland. Up to the end of February 2017, 806 and 59 applications were approved under the Enterprise Support Programme (ESP) and Organisation Support Programme (OSP) of the BUD Fund respectively, and the total amount of funding approved were \$287 million and \$194 million respectively.

Among the 806 approved applications under the ESP, 384 applications from 24 sectors involve branding, including Wholesale and Retail, Import and Export Trade, Electronics, Textile and Clothing, Information Technology, Toys, Plastics, Watches and Clocks, Metal Products, Electrical Appliances, Creative Industries and Jewellery, etc. The approved projects involve a variety of branding activities including participation in exhibitions, trademark design and registration, online promotion and advertisement placement in media, etc.

Among the 59 approved applications under the OSP, 46 applications involve branding. Among which, 43 applications comes from 13 sectors, including Information Technology, Food and Beverage, Electronics, Printing and Publishing and Toys, etc. There are also 3 cross-sector projects. The approved projects involve a variety of activities in different Mainland cities, such as setting up “Hong Kong pavilions” at large-scale exhibitions to showcase Hong Kong brands, etc. As the OSP aims at assisting enterprises in general or in specific sectors in Hong Kong, no information on individual brands is available.

The Programme Secretariat of the ESP, the Hong Kong Productivity Council, and TID will regularly update the lists of approved applications and post them on their websites at <http://www.bud.hkpc.org> and <http://www.bud.tid.gov.hk> respectively.

From time to time, TID also co-organises seminars with the Hong Kong Trade Development Council, local business associations and other relevant organisations in which renowned local, Mainland and overseas entrepreneurs and experts are invited to share their experience in establishing brands and market development strategies. In addition, TID disseminates practical reference information related to brand development to Hong Kong enterprises through various channels (such as brand promotion website). We will continue our work in this aspect in 2017-18 and the expenses involved will be covered by the recurrent expenditure of TID.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)318

(Question Serial No. 2162)

Head: (181) Trade and Industry Department

Subhead (No. & title): (-) -

Programme: (3) Support for Small and Medium Enterprises and Industries

Controlling Officer: Director-General of Trade and Industry (Salina YAN)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Queries have been raised about the Dedicated Fund on Branding, Upgrading and Domestic Sales ("BUD Fund") again last year, where the Director of Audit has criticized the ineffective operation of the BUD Fund in Report No. 66 issued last April. Other problems included the low success rates and overly high costs. Please elaborate in detail the number of successful applications (out of applications received), the amount approved to each successful applicant, the companies' particulars, and the amount of the BUD fund leftover and how it was used.

Asked by: Hon KWOK Wing-hang, Dennis (Member Question No. 4)

Reply:

The Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) was launched in June 2012. Up to end February 2017, 1 594 and 139 applications (excluding all applications withdrawn) under the Enterprise Support Programme (ESP) and the Organisation Support Programme (OSP) of the BUD Fund respectively were processed. Of them, 806 ESP applications and 59 OSP applications were approved, and the total amount of funding approved was about \$287 million for ESP and \$194 million for OSP.

We have been reviewing the operation and implementation of the BUD Fund on an on-going basis, and have implemented enhancement measures, for example, launching the "ESP Easy-Simplified Application Track" under ESP in August 2015 which adopts a set of simplified application procedures to fund enterprises in undertaking specified activities^{Note}; and introducing the "Simplified Option" under ESP in October 2016 under which enterprises would not need to set up a separate project account and could commence projects as early as the date after submission of the application, with no initial disbursement to be made.

Up to end February 2017, 252 ESP and 39 OSP projects have been completed. According to our survey results, about 99% of the enterprises that have completed their ESP-funded projects considered the ESP effective in assisting in the business development of enterprises. Enterprises also generally considered that the projects had helped them in enhancing the awareness of the brand, improving product quality, developing new products, developing domestic sales network, enhancing the overall competitiveness of enterprises, increasing domestic sales turnover, etc. Although whether the Mainland business of the enterprises could develop successfully in the future would depend on a variety of factors, the funding under the BUD Fund can enhance the overall competitiveness of the enterprises and lay foundation for their further development in the Mainland market. In addition, if the funded Hong Kong enterprises achieve better development in the Mainland market, it would also benefit their business operations in Hong Kong in the long run, and generate demand for professional services or other services in Hong Kong.

In respect of OSP, through implementing the projects, organisations can assist enterprises of the relevant sectors to enhance their competitiveness in the Mainland market through developing brands, upgrading and restructuring business operations and promoting domestic sales. For the 59 projects approved as at the end of February 2017, various activities would be held in 28 Mainland cities, e.g. participating in and setting up “Hong Kong pavilions” at large-scale exhibitions to showcase Hong Kong brands; organising roadshows; collaborating with retail networks in the Mainland to promote the products and services of Hong Kong enterprises, etc. Participating enterprises were generally satisfied with the effectiveness of and benefits brought about by the projects, and they considered that the projects could enhance the brand image and competitiveness of their products or services in the Mainland market. Quite a number of enterprises also considered that the projects had enhanced their understanding of the market environment and regulations in the Mainland and assisted them in building up business networks in the Mainland, thereby boosting their confidence in exploring the domestic sales market.

The Programme Secretariat of ESP, the Hong Kong Productivity Council, and the Trade and Industry Department regularly update the lists of approved applications, including the amount of approved funding for each application, and post them on their websites at <http://www.bud.hkpc.org> and <http://www.bud.tid.gov.hk> respectively.

In view that the BUD Fund can effectively achieve the policy objective of assisting enterprises in developing business in the Mainland, we will extend the application period of the BUD Fund for five years to continue to assist Hong Kong enterprises in enhancing their competitiveness and furthering business development in the Mainland through developing brands, upgrading and restructuring operations and promoting domestic sales in the Mainland.

Note Including participation in Mainland exhibitions, establishment or enhancement of websites or online shops, development or enhancement of mobile applications, placement of advertisements in the Mainland, undertaking testing and certification for products for domestic sales, design and production of publicity materials for distribution in the Mainland, and application for registration of patent, trademark, design and utility model in the Mainland.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)319

(Question Serial No. 2163)

Head: (181) Trade and Industry Department

Subhead (No. & title): (-) -

Programme: (3) Support for Small and Medium Enterprises and Industries

Controlling Officer: Director-General of Trade and Industry (Salina YAN)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The 2017-18 estimate for supporting small and medium enterprises ("SMEs") and industries have increased by 6.2% compared to 2016-17. Please provide a detailed breakdown of how this \$529.7 million will be allocated to and used for the various SME programmes and funds.

Asked by: Hon KWOK Wing-hang, Dennis (Member Question No. 5)

Reply:

The aim of Programme (3) is to support and facilitate the development of Hong Kong's small and medium enterprises (SMEs) and industries. The estimated provision in 2017-18 of \$529.7 million under Programme (3) comprises recurrent operational expenses and non-recurrent expenditure for cash flow requirements of the various funding schemes administered by the Trade and Industry Department.

In 2017-18, the Trade and Industry Department will continue to provide information and consultation services for SMEs through its Support and Consultation Centre for SMEs, maintain regular liaison with local industries and trade and industrial organisations, and administer various funding schemes (including the SME Loan Guarantee Scheme, the SME Export Marketing and Development Fund, the Special Loan Guarantee Scheme as well as the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund)) and closely monitor their effectiveness and utilisation. The estimated provision to meet the operational expenses for the above work is \$96.7 million while the cash flow requirements for the funding schemes is \$433 million.

The estimated provision for 2017-18 is 6.2% higher than the revised estimate for 2016-17. This is mainly due to increased cash flow requirements for the funding schemes from \$403 million in 2016-17 to \$433 million in 2017-18.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)320

(Question Serial No. 5092)

Head: (181) Trade and Industry Department

Subhead (No. & title): (000) Operational expenses

Programme: (-) -

Controlling Officer: Director-General of Trade and Industry (Salina YAN)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Please list out respectively the estimated establishment, annual emolument, housing allowance and allowances on duty visits and entertainment etc. of the following posts of the Trade and Industry Department posts in the coming year:

- Director-General
- Deputy Director-General
- Assistant Director-General
- Senior Personal Secretary
- Personal Secretary I
- Personal Secretary II
- Senior Information Officer
- Information Officer
- Departmental Secretary
- Deputy Departmental Secretary
- Senior Information Technology Officer
- Principal Trade Officer
- Trade Officer
- Assistant Trade Officer
- Trade Controls Officer
- Information Technology Officer
- Senior Clerical Officer
- Manager
- Clerical Officer
- Senior Accounting Officer
- Accounting Officer
- Senior Systems Manager
- Principal Technical Officer
- Senior Technical Officer
- Assistant Accounting Manager
- Systems Manager
- Analyst I

- Project Manager
- Principal Executive Officer
- Senior Executive Officer
- Executive Officer

Asked by: Hon LEUNG Kwok-hung (Member Question No. 2026)

Reply:

The estimated civil service establishment and emolument of the Trade and Industry Department (TID) in 2017-18 are as follows:

Grade	Number of posts	Estimated salary in notional annual mid-point salary value (NAMS) (\$'000)
Administrative Officer (directorate)	10	22,117
Administrative Officer (non-directorate)	1	1,364
Analyst/Programmer	12	8,502
Clerical Assistant	52	10,352
Clerical Officer	167	52,519
Computer Operator	10	3,690
Confidential Assistant	3	915
Data Processor	3	637
Executive Officer (directorate)	1	1,733
Executive Officer (non-directorate)	15	11,880
Inspector (Telecommunications) / Controller (Telecommunications)	6	3,617
Motor Driver	2	424
Office Assistant	7	1,229
Official Languages Officer	3	1,615
Personal Secretary	19	6,518
Photographer	2	398
Property Attendant	2	343
Statistical Officer	2	794
Statistician	1	887
Supervisor of Typing Services	1	451
Supplies Assistant	1	199
Supplies Attendant	1	171
Supplies Officer	1	681
Supplies Supervisor	3	919
Grade	Number of	Estimated salary in

	posts	notional annual mid-point salary value (NAMS) (\$'000)
Telecommunications Engineer	1	733
Trade Controls Officer	3	1,624
Trade Officer	161	135,950
Treasury Accountant	3	3,220
Typist	9	1,792
Workman II	8	1,266
Grand total:	510	276,540

The housing allowances of the above civil service grades are paid in accordance with the relevant terms of appointment of the officers, as well as the relevant regulations and guidelines. The expenditure is not charged to Head 181.

Officers in TID will conduct duty visits and host entertainment based on operational needs, such as attending meetings of the World Trade Organisation and Asia-Pacific Economic Cooperation, discussing economic and trade arrangements with trading partners, enhancing economic and trade cooperation with different places, discussing with the Mainland on matters relating to the Mainland and Hong Kong Closer Economic Partnership Arrangement, and liaising with the local business communities etc. The estimated expenditures on duty visits and entertainment in 2017-18 are about \$15.2 million and \$0.3 million respectively. Expenditures on all duty visits and entertainment have to comply with the relevant regulations and administrative guidelines to ensure effective monitoring and prudent use of public funds.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)321

(Question Serial No. 3412)

Head: (181) Trade and Industry Department

Subhead (No. & title): (-) -

Programme: (1) Commercial Relations,(2) Trade Support and Facilitation,(3) Support for Small and Medium Enterprises and Industries

Controlling Officer: Director-General of Trade and Industry (Salina YAN)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Are sign language interpretation services available at the Department? If yes, what are the manpower and staff expenditure involved? If no, what are the reasons?

Asked by: Hon LEUNG Yiu-chung (Member Question No. 216)

Reply:

Assistive listening systems are available at the Customer Service Centers of the Trade and Industry Department (TID) to cater for the needs of persons with hearing impairment. TID will arrange sign language interpretation services through relevant service providers if need arises. No in-house manpower and staff expenditure will be involved.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)322

(Question Serial No. 0451)

Head: (181) Trade and Industry Department

Subhead (No. & title): (-) -

Programme: (3) Support for Small and Medium Enterprises and Industries

Controlling Officer: Director-General of Trade and Industry (Salina YAN)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Regarding the assistance provided to small and medium enterprises (SMEs), the Government has always emphasised that it will continue to assist Hong Kong enterprises in upgrading and restructuring their operations, developing brands and promoting sales in the Mainland domestic market through the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) so as to enhance their competitiveness in the Mainland market. Would the Government please advise on the number of applications that the Fund has received and the number of successful applications so far? What are the amounts of grant approved? What is the estimated number of applications to be received in the coming 3 years? Has the Government followed up those approved applications and assessed their effectiveness so as to continuously enhance the usage of the Fund? If yes, what are the details? If not, what are the reasons?

Asked by: Hon LIAO Cheung-kong, Martin (Member Question No. 33)

Reply:

The Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) was launched in June 2012. Up to end February 2017, 1 594 and 139 applications (excluding all applications withdrawn) under the Enterprise Support Programme (ESP) and the Organisation Support Programme (OSP) of the BUD Fund respectively were processed. Of them, 806 ESP applications and 59 OSP applications were approved, and the total amount of funding approved was about \$287 million for ESP and \$194 million for OSP. Whether an enterprise or non-profit-distributing organisation would apply for BUD Fund depends on many factors (including the economic environment and marketing strategies of individual enterprises, etc.). It is difficult for us to estimate the number of applications to be received in the coming 3 years. We will continue to step up promotion work to attract more enterprises and non-profit-distributing organisations to apply.

We have been reviewing the operation and implementation of the BUD Fund on an on-going basis, and have implemented enhancement measures, for example, launching the “ESP Easy–Simplified Application Track” under ESP in August 2015 which adopts a set of simplified application procedures to fund enterprises in undertaking specified activities^{Note}; and introducing the “Simplified Option” under ESP in October 2016 under which enterprises would not need to set up a separate project account and could commence projects as early as the date after submission of the application, with no initial disbursement to be made.

Up to end February 2017, 252 ESP and 39 OSP projects have been completed. According to our survey results, about 99% of the enterprises that have completed their ESP-funded projects considered the ESP effective in assisting in the business development of enterprises. Enterprises also generally considered that the projects had helped them in enhancing the awareness of the brand, improving product quality, developing new products, developing domestic sales network, enhancing the overall competitiveness of enterprises, increasing domestic sales turnover, etc. Although whether the Mainland business of the enterprises could develop successfully in the future would depend on a variety of factors, the funding under the BUD Fund can enhance the overall competitiveness of the enterprises and lay foundation for their further development in the Mainland market. In addition, if the funded Hong Kong enterprises achieve better development in the Mainland market, it would also benefit their business operations in Hong Kong in the long run and generate demand for professional services or other services in Hong Kong.

In respect of OSP, through implementing the projects, organisations can assist enterprises of the relevant sectors to enhance their competitiveness in the Mainland market through developing brands, upgrading and restructuring business operations and promoting domestic sales. For the 59 projects approved as at the end of February 2017, various activities would be held in 28 Mainland cities, e.g. participating in and setting up “Hong Kong pavilions” at large-scale exhibitions to showcase Hong Kong brands; organising roadshows; collaborating with retail networks in the Mainland to promote the products and services of Hong Kong enterprises, etc. Participating enterprises were generally satisfied with the effectiveness of and benefits brought about by the projects, and they considered that the projects could enhance the brand image and competitiveness of their products or services in the Mainland market. Quite a number of enterprises also considered that the projects had enhanced their understanding of the market environment and regulations in the Mainland and assisted them in building up business networks in the Mainland, thereby boosting their confidence in exploring the domestic sales market.

In view that the BUD Fund can effectively achieve the policy objective of assisting enterprises in developing business in the Mainland, we will extend the application period of the BUD Fund for five years to continue to assist Hong Kong enterprises in enhancing their competitiveness and furthering business development in the Mainland through developing brands, upgrading and restructuring operations and promoting domestic sales in the Mainland.

Note Including participation in Mainland exhibitions, establishment or enhancement of websites or online shops, development or enhancement of mobile applications, placement of advertisements in the Mainland, undertaking testing and certification for products for domestic sales, design and production of publicity materials for distribution in the Mainland, and application for registration of patent, trademark, design and utility model in the Mainland.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)323****(Question Serial No. 0452)**Head: (181) Trade and Industry DepartmentSubhead (No. & title): (-) -Programme: (3) Support for Small and Medium Enterprises and IndustriesControlling Officer: Director-General of Trade and Industry (Salina YAN)Director of Bureau: Secretary for Commerce and Economic DevelopmentQuestion:

Regarding the SME Export Marketing Fund (EMF):

- a) What are the respective number of applications received, number of applications approved and the average amount of grant for each approved project for the past 3 years?
- b) For the past 3 years, how much did the Trade and Industry Department (TID) spend on the promotion and effectiveness review of EMF? In 2017-18, what are the promotion plan and estimated expenditure breakdowns for EMF?

Asked by: Hon LIAO Cheung-kong, Martin (Member Question No. 32)Reply:

The number of applications received, the number of applications approved and the average amount of grant for applications approved under the SME Export Marketing Fund (EMF) in the past 3 years are as follows:

Year	Number of Applications Received	Number of Applications Approved	Average Amount of Grant for Applications Approved
2014	17 672	13 384	\$16,202
2015	14 425	12 184	\$16,814
2016	11 387	9 614	\$16,479

The Trade and Industry Department (TID) closely monitors the changes in the market as well as the needs of SMEs and reviews from time to time the operation of EMF to ensure that appropriate and timely support is provided to SMEs. In the past 3 years, representatives of TID attended a number of seminars organised by SME organisations and trade associations to promote EMF to SMEs. The department also promoted EMF to SMEs through different channels, such as TV and radio Announcements of Public Interest, exhibitions, promotional leaflets (posters, publicity publications), website (weblinks, e-mails), etc.

Moreover, in view of the expansion in the scope of funding of EMF to cover export promotion activities conducted through electronic platforms and media in September 2015, TID co-organised several briefing sessions with major trade associations, SME organisations and various bodies to explain to SMEs the details of the enhancement measures. In 2016, TID also organised 8 briefing sessions on EMF at its “Support and Consultation Centre for Small and Medium Enterprises”, promoting EMF and introducing its enhancement measures to a total of over 350 attendees.

In the coming year, we will continue to make use of various channels to promote EMF to more SMEs.

The expenditure of the above work has been subsumed under the overall estimated expenditure of TID. It is difficult to quantify separately.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)324

(Question Serial No. 0453)

Head: (181) Trade and Industry Department

Subhead (No. & title): (-) -

Programme: (2) Trade Support and Facilitation

Controlling Officer: Director-General of Trade and Industry (Salina YAN)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

One of the aims of the Trade and Industry Department (TID) is to enhance Hong Kong's role as a regional trading and distribution centre. In this regard, what is the estimated expenditure involved in the work plan of this area by TID in 2017-18?

Asked by: Hon LIAO Cheung-kong, Martin (Member Question No. 31)

Reply:

In respect of trade support and facilitation, the Trade and Industry Department (TID) enhances Hong Kong's role as a regional trading and distribution centre through different work areas, including provision of various licensing, certification and registration services for commodities. Not only do we ensure that the regimes are sound, we strive to streamline the procedures to facilitate the trade and promote the flow of goods. We also proactively fulfil Hong Kong's obligations under relevant international and bilateral trade agreements, as well as implement and promote various liberalisation measures. In this regard, we welcome the entry into force of the Trade Facilitation Agreement of the World Trade Organization (WTO) on 22 February 2017. Hong Kong is the first WTO Member accepting the agreement, which sets out binding obligations for participating WTO Members to improve and harmonise their import/export and customs procedures, thereby reducing costs and improving efficiency in doing business. Moreover, TID closely monitors the changes in trading partners' systems and regulations, and disseminates the information to the trade through trade circulars in a timely manner.

The expenditure of the above work has been subsumed under the overall estimated expenditure of TID. It is difficult to quantify separately.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)325

(Question Serial No. 1542)

Head: (181) Trade and Industry Department

Subhead (No. & title): (-) -

Programme: (1) Commercial Relations

Controlling Officer: Director-General of Trade and Industry (Salina YAN)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Trade and Industry Department coordinates with relevant bureaux and departments in discussion with the Mainland authorities on the implementation of the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) and various economic and trade agreements signed with the Mainland. In this regard, please advise:

1. whether the Government, over the past 3 years, has paid efforts to help tackle the adversity of “the big doors are open, but the small ones are not yet open” which the trade of professional services frequently faces? If yes, what are the details? If no, what are the reasons?
2. With regard to the establishment of three new zones, namely Qianhai, Nansha and Hengqin, will the Government further enforce its participation and formulate plans to strive for better conditions for Hong Kong enterprises and personnel? If yes, what are the details? If no, what are the reasons?

Asked by: Hon LO Wai-kwok (Member Question No. 39)

Reply:

The Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) is a free trade agreement signed between the Mainland and Hong Kong, allowing goods of Hong Kong origin to access the Mainland market with zero tariff benefit while at the same time progressively liberalising the trade in services between the two places and enhancing trade and investment co-operation of the two sides. The Trade and Industry Department (TID) coordinates the consultation and implementation of CEPA with relevant bureaux/departments and Mainland authorities, while relevant bureaux/departments oversee and follow up on agreements signed by the Mainland and Hong Kong on other aspects.

The HKSAR Government attaches great importance to facilitating the effective implementation of CEPA, and has been liaising and working closely with the Mainland authorities at central, provincial and municipal levels on the relevant work. Over the past three years, TID has been discussing specific matters on the implementation of CEPA with Mainland authorities through the established mechanism with the Ministry of Commerce, and has been, together with other bureaux/departments, proactively addressing and following up on problems encountered by the trade in using CEPA liberalisation measures in the Mainland, including problems encountered at provincial and municipal levels. Meanwhile, relevant bureaux/departments and offices of the HKSAR Government in the Mainland communicate with their Mainland counterparts from time to time on concerns raised by the trade on relevant CEPA service sectors.

The CEPA Agreement on Trade in Services implemented in June 2016 has adopted liberalisation measures in the form of early and pilot implementation to support eligible Hong Kong financial institutions to conduct Renminbi direct investment activities in the Guangdong Pilot Free Trade Zones (i.e. Qianhai, Nansha and Hengqin), such as establishing, injecting capital into, or becoming a shareholder of financial institutions in the zones; and to expand the pilot scheme of allowing Hong Kong professionals who have obtained Mainland's various construction-related qualifications, including Urban Planner, Supervision Engineer, etc. to register and practise, from Guangdong to Guangxi and Fujian. The HKSAR Government will continue to provide support through CEPA to Hong Kong traders in further developing the Mainland market and facilitating their trade and investment in the Mainland.

We are now discussing with the Mainland the expansion and enhancement of CEPA in the areas of investment, economic and technical cooperation, etc. We expect to achieve some concrete results by the middle of this year.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)326

(Question Serial No. 2078)

Head: (181) Trade and Industry Department

Subhead (No. & title): (-) -

Programme: (3) Support for Small and Medium Enterprises and Industries

Controlling Officer: Director-General of Trade and Industry (Salina YAN)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Has the Trade and Industry Department (TID) allocated financial resources and manpower to look into the situation regarding operation of small and medium enterprises (SMEs) in Hong Kong? If yes, for the purpose of evaluating the effectiveness of such work, please list out, over the past year, the number of SMEs which have ceased operation or gone into liquidation in Hong Kong. Has the Government provided any support measures? How much manpower and financial resources have been utilised by the Government in such work? Will additional manpower and financial resources be allocated next year to handle the work mentioned above? If yes, what are the details? If no, what are the reasons?

Asked by: Hon NG Wing-ka, Jimmy (Member Question No. 9)

Reply:

According to the data from the Census and Statistics Department, there were 320 790 SMEs in Hong Kong as at September 2016, comprising enterprises operating under different modes (such as incorporation, partnership and sole-proprietorship) and having substantive business operation and employing staff in Hong Kong. The figure is similar to that of September 2015 (317 517 SMEs). According to the Official Receiver's Office and the Companies Registry, 325 and 1080 companies went into compulsory liquidation and voluntary liquidation respectively in 2016. We do not have statistics on the number of SMEs that have ceased operation nor those that have gone into liquidation.

SMEs are the pillar of Hong Kong's economy. TID has been providing comprehensive support to them, including operation of funding schemes and provision of information to enhance their competitiveness and facilitate their long-term development. Amongst those measures, TID provides business information and consultation services to SMEs through the Support and Consultation Centre for SMEs (SUCCESS). The "Meet-the-Advisors" Business Advisory Service of SUCCESS arranges SMEs to meet with experts from various sectors for free advice on specific areas (including legal and accounting matters, etc.), so as to help SMEs tackle issues which they may encounter at various stages of their operation. SUCCESS also regularly organises the "SME Mentorship Programme", which aims at providing an opportunity for SME entrepreneurs who are at their early stage of business to learn from and be guided by accomplished entrepreneurs, senior executives, and professionals through one-on-one free counselling within a 12-month mentorship.

The expenditure of the above work has been subsumed under the overall estimated expenditure of TID. It is difficult to quantify separately. With regard to manpower, the Department will create 4 civil servant posts (2 Assistant Trade Officer II posts and 2 Assistant Clerical Officer posts) in 2017-18 to replace the existing 4 non-civil servant contract staff positions to assist in the ongoing work of processing applications under the SME Export Marketing Fund.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)327

(Question Serial No. 0665)

Head: (181) Trade and Industry Department

Subhead (No. & title): (-) -

Programme: (3) Support for Small and Medium Enterprises and Industries

Controlling Officer: Director-General of Trade and Industry (Salina YAN)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The work on “Support for Small and Medium Enterprises and Industries” in this financial year will proceed under existing policies. What are the reasons and details for the creation of additional 4 civil service posts, and the expenditure involved?

Asked by: Hon WONG Ting-kwong (Member Question No. 12)

Reply:

The Trade and Industry Department will create 4 civil servant posts (2 Assistant Trade Officer II posts and 2 Assistant Clerical Officer posts) in 2017-18 to replace the existing 4 non-civil servant contract (NCSC) staff positions for the ongoing work of processing applications under the SME Export Marketing Fund. The expenditure for the creation of the posts will be offset by the savings from the deletion of NCSC positions, involving no additional expenditure.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)328

(Question Serial No. 0671)

Head: (181) Trade and Industry Department

Subhead (No. & title): (-) -

Programme: (3) Support for Small and Medium Enterprises and Industries

Controlling Officer: Director-General of Trade and Industry (Salina YAN)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Has the Trade and Industry Department (TID), together with other relevant departments, allocated financial resources and manpower to look into the situation regarding operation of small and medium enterprises (SMEs) in Hong Kong? If yes, for the purpose of evaluating the effectiveness of such work, please list out, over the past year, the number of SMEs which have ceased operation or gone into liquidation in Hong Kong. Has the Government provided any support measure? How much financial resources and manpower has been utilised by the Government in such work?

Asked by: Hon WONG Ting-kwong (Member Question No. 15)

Reply:

According to the data from the Census and Statistics Department, there were 320 790 SMEs in Hong Kong as at September 2016, comprising enterprises operating under different modes (such as incorporation, partnership and sole-proprietorship) and having substantive business operation and employing staff in Hong Kong. The figure is similar to that of September 2015 (317 517 SMEs). According to the Official Receiver's Office and the Companies Registry, 325 and 1080 companies went into compulsory liquidation and voluntary liquidation respectively in 2016. We do not have statistics on the number of SMEs that have ceased operation nor those that have gone into liquidation.

SMEs are the pillar of Hong Kong's economy. TID has been providing comprehensive support to them, including operation of funding schemes and provision of information to enhance their competitiveness and facilitate their long-term development. Amongst those measures, TID provides business information and consultation services to SMEs through the Support and Consultation Centre for SMEs (SUCCESS). The "Meet-the-Advisors" Business Advisory Service of SUCCESS arranges SMEs to meet with experts from various sectors for free advice on specific areas (including legal and accounting matters, etc.), so as to help SMEs tackle issues which they may encounter at various stages of their operation. SUCCESS also regularly organises the "SME Mentorship Programme", which aims at providing an opportunity for SME entrepreneurs who are at their early stage of business to learn from and be guided by accomplished entrepreneurs, senior executives, and professionals through one-on-one free counselling within a 12-month mentorship.

The expenditure of the above work has been subsumed under the overall estimated expenditure of TID. It is difficult to quantify separately.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)329

(Question Serial No. 0677)

Head: (181) Trade and Industry Department

Subhead (No. & title): (-) -

Programme: (1) Commercial Relations

Controlling Officer: Director-General of Trade and Industry (Salina YAN)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

With the promotion of upgrading and restructuring of industries by the Mainland in recent years, as well as changes in policies and regulations together with various increasing operating costs, many manufacturers from Hong Kong find it difficult to continue their operation in the Mainland. Among these manufacturers, some hope to continue their operation in the Mainland, some hope to move their businesses to other regions such as Southeast Asia, and some hope to relocate back to Hong Kong for business. Please advise what support measures the Government has provided to these three types of manufacturers respectively, and what financial resources and manpower were involved.

Asked by: Hon WONG Ting-kwong (Member Question No. 16)

Reply:

The Trade and Industry Department (TID) has always been in close liaison with the trade and business associations, and provides timely and appropriate support in response to issues of concern to the trade. TID also discusses with the trade issues affecting their development and support measures for them through various advisory boards, such as the Trade and Industry Advisory Board and Small and Medium Enterprises Committee, etc. TID further provides enterprises including manufacturers with the latest market information and advisory services through different channels, and administers various funding schemes (including the SME Loan Guarantee Scheme, the SME Export Marketing Fund (EMF), the SME Development Fund (SDF) as well as the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund)) to provide support to Hong Kong enterprises (including those with operations outside Hong Kong or those interested in relocating their operations back to Hong Kong) in areas such as obtaining finance and enhancing their overall competitiveness.

Regarding the business operation of Hong Kong enterprises in the Mainland, TID has maintained close liaison with the Mainland authorities at various levels (including through the Hong Kong/Guangdong Expert Group on the Restructuring and Upgrading of the Processing Trade) to relay to them the trade's views and to discuss with them support measures for the trade. For example, the trade informed TID of the problems they encountered in the paper, electroplating and environmental industries in the Mainland in late 2016. TID immediately followed up on the issues and through the coordination of the Hong Kong Economic and Trade Office in Guangdong, a meeting was held between relevant authorities in Guangdong Province and representatives from the Hong Kong trade in early 2017 to discuss the particular situation and the policies concerned.

In addition, TID from time to time disseminates information to the trade by means of circulars to enhance the trade's understanding of the Mainland's new policies, legislation and business environment, and a total of about 700 relevant circulars were issued in 2016-17. TID's website also includes a dedicated page on economic and trade information of the Mainland, with hyperlinks to the economic and trade websites of about 200 Mainland authorities, so as to facilitate Hong Kong enterprises in getting access to economic and trade information of the Mainland on one single platform.

Regarding the business operation of Hong Kong enterprises in the Southeast Asia, TID has all along attached great importance to enhancing the trade and economic relations between Hong Kong and Southeast Asian economies. Through high level official visits and bilateral discussions on trade and economic cooperation, we seek to enhance our mutual understanding and strengthen our bilateral relations to open up more business and investment opportunities for the business sector in Hong Kong. Meanwhile, we are participating actively in the negotiation of a Free Trade Agreement with the Association of Southeast Asian Nations (ASEAN) with a view to enhancing market access for Hong Kong goods, services and investments, thus benefiting Hong Kong businesses.

The Government's policy on support for industry is to create a business-friendly environment for the trade and provide them with timely and appropriate support so that our trade can flourish. Some enterprises, especially those engaging in high-end manufacturing, are well-positioned to consider performing high value-added production processes that are less land and labour-intensive in Hong Kong. Hong Kong enterprises, including those interested in relocating their operations back to Hong Kong, can obtain support through TID's various support schemes in areas such as finance and enhancing their overall competitiveness.

The expenditure of the above work has been subsumed under the overall estimated expenditure of the bureaux/departments concerned. It is difficult to quantify separately.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)330

(Question Serial No. 5391)

Head: (181) Trade and Industry Department

Subhead (No. & title): (-) -

Programme: (1) Commercial Relations

Controlling Officer: Director-General of Trade and Industry (Salina YAN)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

One area of the Trade and Industry Department's work on Commercial Relations is "to enhance economic cooperation with trading partners including emerging economies; to continue to negotiate the Trade in Services Agreement (TiSA) and the Environmental Goods Agreement (EGA)". Would the Government please advise the Committee:

(a) With regard to the negotiation for FTAs with Georgia and Maldives, and that for the Investment Promotion and Protection Agreements (IPPAs) with Iran and Russia, what will be the progress or schedule of negotiation in 2017-18? Please also assess the effectiveness to be brought about by the conclusion of the agreements on the facilitation of economic ties between Hong Kong and the concerned economies.

(b) In view of the tension between countries such as Iran and Russia and the world in general, will such tension affect the economic ties between Hong Kong and these two countries or other economies?

(c) With regard to pursuing IPPA negotiations with India, what will be the progress or schedule in 2017-18? If there is not yet a schedule, when is such work expected to be officially commenced? Please also assess the effectiveness to be brought about by the conclusion of the agreement on the facilitation of investment between Hong Kong and the concerned economy.

(d) What are the operational expenditure and the estimated expenditure on emoluments involved in the above matters over the past three years and in the 2017-18 Estimates, and what are the staff establishment and ranks of officials responsible for the relevant works respectively?

Asked by: Hon YIU Chung-yim (Member Question No. 149)

Reply:

(a) The Free Trade Agreements (FTAs) forged by Hong Kong with other economies mainly cover trade in goods, trade in services and related measures. FTAs aim to secure better market access for Hong Kong's goods and services into the markets of our negotiating partners, thereby enhancing bilateral trade. Our FTA negotiations with Georgia and Maldives have been progressing smoothly since their commencement in September 2016. We hope to conclude these negotiations as soon as possible so that Hong Kong businessmen can reap the benefits early.

Hong Kong forges Investment Promotion and Protection Agreements (IPPAs) with other economies to promote two-way investment flows and boost our economy. On the one hand, IPPAs give additional assurance to overseas investors that their investments in Hong Kong enjoy equitable treatment and protection; on the other hand, they enable Hong Kong investors to enjoy reciprocal treatment and protection in respect of their investments overseas. IPPAs are conducive to strengthening Hong Kong's role as an investment hub. Hong Kong will continue to pursue the IPPA negotiations with Iran and Russia in 2017-18.

(b) Hong Kong, being an open and externally-oriented economy, is vulnerable to external factors. We will closely monitor the global economy, including the situation of our various negotiating partners, and make timely responses.

(c) We plan to commence the IPPA negotiation with India in the near future in order to expand our IPPA network to ensure that Hong Kong investors enjoy adequate protection while investing in other economies.

(d) The operational expenditure and human resources of the above work have been subsumed under the overall estimated expenditure and establishment of the Trade and Industry Department respectively. It is difficult to quantify separately.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)331****(Question Serial No. 5392)**Head: (181) Trade and Industry DepartmentSubhead (No. & title): (-) -Programme: (1) Commercial RelationsControlling Officer: Director-General of Trade and Industry (Salina YAN)Director of Bureau: Secretary for Commerce and Economic DevelopmentQuestion:

One of the tasks of the Trade and Industry Department on Commercial Relations is to oversee and monitor the implementation of FTAs signed between Hong Kong and foreign economies. In this regard, would the Department please advise the Committee what the operational expenditure and the estimated expenditure on emoluments involved in the above matters over the past three years and in the 2017-18 Estimates are? What are the staff establishment and ranks of officials responsible for the relevant works respectively? Please comment on the implementation of the FTAs and the impacts on Hong Kong's economic situation. Please also provide in the following table with work(s) on promoting the labour and environmental protection standards in both places, such as agreements on formulating and enhancing labour cooperation on both sides.

Title of the FTA	Work(s) on promoting labour protection	Work(s) on promoting environmental protection

Asked by: Hon YIU Chung-yim (Member Question No. 148)Reply:

The implementation of the Free Trade Agreements (FTAs) signed between Hong Kong and foreign economies is as follows:

Hong Kong signed the Hong Kong, China – New Zealand Closer Economic Partnership Agreement in March 2010, which entered into force in January 2011. The FTA between Hong Kong, China and the Member States of the European Free Trade Association (namely Iceland, Liechtenstein, Norway and Switzerland) signed in June 2011 entered into force in late 2012. The FTA between Hong Kong, China and Chile signed in September 2012 entered into force in October 2014. The above FTAs mainly cover trade in goods, trade in services and related measures which secure better market access for Hong Kong goods and

services into the relevant markets. They help create new business opportunities and better safeguard our bilateral trade. These FTAs have been operating smoothly since their entry into force. We also conduct reviews on their implementation from time to time.

While pursuing FTAs, Hong Kong has also made the following commitments in promoting labour and environmental protection with the relevant economies:

Title of the FTA	Work on promoting labour protection	Work on promoting environmental protection
Hong Kong, China – New Zealand Closer Economic Partnership Agreement	In addition to the FTA, the two sides concluded a Memorandum of Understanding on Labour Cooperation to provide a framework for both sides to promote sound policies and practices through cooperation and dialogue.	In addition to the FTA, the two sides concluded an Environment Cooperation Agreement to provide a framework for both sides to promote sound policies and practices through cooperation and dialogue.
The Free Trade Agreement between Hong Kong, China and the Member States of the European Free Trade Association	In addition to the FTA, the two sides concluded an agreement on labour to provide a framework for both sides to address labour matters of mutual interest or concern through cooperation and dialogue.	The FTA has a chapter on trade and environment which allows the two sides to enhance environmental protection through trade measures.
Hong Kong, China - Chile Free Trade Agreement	In addition to the FTA, the two sides concluded a Memorandum of Understanding on Labour Cooperation to provide a framework for both sides to address labour matters of mutual interest or concern through cooperation and dialogue.	The FTA has a chapter on protecting the environment. The two sides are committed to promoting environmental protection through encouraging the formulation of sound environmental protection policies and practices.

The operational expenditure and human resources of the above work have been subsumed under the overall estimated expenditure and establishment of the Trade and Industry Department respectively. It is difficult to quantify separately.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)332

(Question Serial No. 5393)

Head: (181) Trade and Industry Department

Subhead (No. & title): (-) -

Programme: (1) Commercial Relations

Controlling Officer: Director-General of Trade and Industry (Salina YAN)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Would the Trade and Industry Department please provide all the Free Trade Agreements (FTAs) signed by Hong Kong with other economies in the past, as well as those agreements under preparation and not yet signed? For these agreements, please provide the import and export value of services and merchandise between Hong Kong and the economies concerned over the past 3 years as well as the ranking of such economies in Hong Kong's import and export trade.

For the signed FTAs, please provide the relevant import and export values 3 years before and after signing of the agreements, and the ranking in Hong Kong's import and export trade. Please assess the impact of each agreement on Hong Kong and the economies involved.

Will the changes and the trends resulting from the signing of these FTAs affect the plan for signing future FTAs? If yes, can you explain in details how these changes affect your plan? If no, what are the reasons?

Asked by: Hon YIU Chung-yim (Member Question No. 147)

Reply:

Hong Kong has signed Free Trade Agreements (FTAs) with the Mainland, New Zealand, the Member States of the European Free Trade Association (EFTA) and Chile. We are now pursuing FTA negotiations with the Association of Southeast Asian Nations (ASEAN), the Macao Special Administrative Region (SAR), Georgia and Maldives. The relevant data of the past 3 years are as follows:

Unit: HK\$ (million)

Title of the FTA	Total value of bilateral trade in services (Ranking)			Total value of bilateral trade in goods (Ranking)		
	2013	2014	2015	2014	2015	2016
Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA)	553,059 (1)	538,171 (1)	532,443 (1)	3,965,980 (1)	3,920,564 (1)	3,860,300 (1)
Hong Kong, China - New Zealand Closer Economic Partnership Agreement	3,616 (27)	3,735 (26)	3,275 (28)	8,876 (38)	8,280 (41)	7,934 (38)
Free Trade Agreement between Hong Kong, China and the Member States of the European Free Trade Association (EFTA) (Economies involved include Iceland, Liechtenstein, Norway and Switzerland)	12,767 (17)^	12,008 (17)^	13,528 (16)^	114,516 (11)^	92,910 (12)^	84,452 (13)^
Hong Kong, China - Chile Free Trade Agreement between	-	-	-	7,977 (42)	8,781 (39)	11,497 (34)
Hong Kong, China – ASEAN Free Trade Agreement (Economies involved include Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam)	116,731 (3)*	123,098 (3)*	120,715 (3)*	824,591 (2)*	823,252 (2)*	833,314 (2)*
Hong Kong SAR and Macao SAR Closer Economic Partnership Arrangement (HK-Macao CEPA)	17,469 (14)	16,961 (14)	14,776 (15)	55,161 (19)	53,808 (19)	47,962 (20)
Hong Kong, China – Georgia Free Trade Agreement	-	-	-	319 (118)	285 (117)	290 (114)
Hong Kong, China – Maldives Free Trade Agreement	-	-	-	140 (137)	276 (118)	149 (136)

- ^ Calculated by taking the Member States of the EFTA as a single entity while all the other trading partners were calculated separately.
- * Calculated by taking ASEAN as a single entity while all the other trading partners were calculated separately.
- Since the number of samples available from the economy concerned is limited and the data obtained are not representative, the Census and Statistics Department is unable to provide relevant statistics.

Also, Hong Kong and 22 World Trade Organization Members are negotiating on the Trade in Services Agreement. The data of trade in services between the relevant economies and Hong Kong in the past 3 years are as follows:

Unit: HK\$ (million)

	Total value of bilateral trade in services (Ranking)		
	2013	2014	2015
Australia	42,728 (7)	42,396 (7)	41,314 (7)
Canada	21,579 (11)	21,669 (11)	20,258 (11)
Chile	-	-	-
Chinese Taipei	56,799 (5)	57,465 (5)	52,981 (6)
Columbia	-	-	-
Costa Rica	-	-	-
European Union	193,889 (2)#	200,108 (2)#	202,319 (2)#
Iceland	-	-	-
Israel	3,437 (28)	2,961 (30)	2,813 (29)
Japan	75,507 (4)	79,049 (4)	77,504 (4)
Korea	30,233 (9)	30,626 (9)	27,821 (9)
Liechtenstein	-	-	-
Mexico	-	-	-
New Zealand	3,616 (27)	3,735 (26)	3,275 (28)
Norway	-	-	-
Pakistan	-	-	-
Panama	1,797 (32)	1,884 (31)	1,894 (34)
Peru	-	-	-
Mauritius	-	-	-
Switzerland	12,175 (17)	11,423 (18)	12,865 (17)
Turkey	1,499 (35)	1,745 (33)	2,162 (33)
United States of America	178,549 (2)	183,348 (2)	180,597 (2)

- # Calculated by taking EU as a single entity while the other trading partners were calculated separately.
- Since the number of samples available from that economy is limited and the data obtained are not representative, the Census and Statistics Department is unable to provide relevant statistics..

Signed in 2003, CEPA is the first FTA concluded by the Mainland and Hong Kong respectively. To achieve progressive liberalisation, the two sides have since 2004 signed 10 Supplements and two subsidiary agreements (i.e. Agreement between the Mainland and

Hong Kong on Achieving Basic Liberalisation of Trade in Services in Guangdong and Agreement on Trade in Services), giving Hong Kong the most-favoured treatment in accessing the Mainland market, assisting Hong Kong industries to tap into the vast market of the Mainland and providing favourable conditions for the diversified development of Hong Kong's economy. Over the years, the Mainland has been Hong Kong's largest trading partner. CEPA has further strengthened the trade ties in goods and services between the two places, and promoted the long-term economic and trade development of both places. The trade statistics 3 years before and after CEPA was signed are as follows:

Unit: HK\$ (million)

Year	The Mainland	
	Total value of bilateral trade in services (Ranking)	Total value of bilateral trade in goods (Ranking)
2000	256,299 (1)	1,257,968 (1)
2001	254,151 (1)	1,228,101 (1)
2002	263,659 (1)	1,330,317 (1)
2003	260,596 (1)	1,528,169 (1)
2004	292,632 (1)	1,806,818 (1)
2005	330,565 (1)	2,061,900 (1)
2006	375,768 (1)	2,349,162 (1)

The FTAs between Hong Kong and New Zealand, the Member States of the EFTA and Chile were signed in March 2010, June 2011 and September 2012 respectively. The FTAs secure market access for Hong Kong's trade in goods and services in these markets and help create business opportunities. Hong Kong's traders can make use of the platform of the FTAs to establish and develop their business in the respective markets. The trade statistics for the three years before and after the signing of the FTAs are as follows:

Unit: HK\$ (million)

Year	New Zealand	
	Total value of bilateral trade in services (Ranking)	Total value of bilateral trade in goods (Ranking)
2007	2,982 (25)	7,038 (36)
2008	3,453 (25)	7,466 (37)
2009	2,975 (25)	6,527 (37)
2010	3,689 (26)	7,404 (40)
2011	3,870 (27)	8,209 (40)

Year	New Zealand	
	Total value of bilateral trade in services (Ranking)	Total value of bilateral trade in goods (Ranking)
2012	3,513 (29)	8,813 (39)
2013	3,616 (27)	8,737 (41)

Unit: HK\$ (million)

Year	The Member States of the EFTA	
	Total value of bilateral trade in services (Ranking)	Total value of bilateral trade in goods (Ranking)
2008	10,332 (16)^	72,320 (12)^
2009	9,067 (17)^	59,924 (12)^
2010	10,859 (17)^	76,322 (12)^
2011	11,983 (17)^	109,003 (11)^
2012	13,511 (17)^	109,011 (11)^
2013	12,767 (17)^	108,178 (11)^
2014	12,008 (17)^	114,516 (11)^

^ The ranking was arrived at by taking the Member States of the EFTA as a single entity while all the other trading partners were calculated separately.

Unit: HK\$ (million)

Year	Chile	
	Total value of bilateral trade in services (Ranking)	Total value of bilateral trade in goods (Ranking)
2009	-	6,045 (40)
2010	-	6,061 (43)
2011	-	7,058 (43)
2012	-	8,164 (43)
2013	-	7,669 (43)
2014	-	7,977 (42)
2015	-	8,781 (39)

- Since the number of samples available from Chile is limited and the data obtained are not representative, the Census and Statistics Department is unable to provide relevant statistics.

The FTAs signed by Hong Kong with other economies mainly cover trade in goods, trade in services and related measures with a view to securing better market access for Hong Kong's goods and services in the relevant markets, thereby enhancing bilateral trade. Since trade in goods and services are influenced by a wide range of factors, such as global or regional economic environment, global or regional situations etc., they cannot fully reflect the effectiveness of the FTAs, or adequately reflect the development potentials of individual economies. As such, when considering forging FTAs with other economies with a view to expanding our FTA network to promote the overall development of the local economy, we will not only make reference to the trade data in goods and services, but also take into account factors such as the development and economic outlook of different economies, trends of regional development and potential business opportunities, etc. We will continue to pursue FTAs with other economies.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)333

(Question Serial No. 5394)

Head: (181) Trade and Industry Department

Subhead (No. & title): (-) -

Programme: (1) Commercial Relations

Controlling Officer: Director-General of Trade and Industry (Salina YAN)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

One of the tasks of the Trade and Industry Department on Commercial Relations is to continue to facilitate the trade to adjust to changes in Mainland policies and the global economic environment. In this regard, would the Department please advise the Committee, what are the operational expenditure and the estimated expenditure on emoluments involved in the above matter over the past three years and in the 2017-18 Estimates, and what are the staff establishment and ranks of officials responsible for the relevant work respectively? Would the Department please assess the effectiveness of the relevant work and advise what are the specific measures in the new year?

Asked by: Hon YIU Chung-yim (Member Question No. 146)

Reply:

In 2016-17, the Trade and Industry Department (TID) has maintained close liaison with the trade through various channels, so as to understand the trade's concerns and views. At the same time, we have maintained close liaison with the Mainland authorities at various levels (including through the Hong Kong/Guangdong Expert Group on the Restructuring and Upgrading of the Processing Trade) to relay to them the trade's views and to discuss with them support measures for the trade. For example, the trade informed TID of the problems they encountered in the paper, electroplating and environmental industries in the Mainland in late 2016. TID immediately followed up on the issues and through the coordination of the Hong Kong Economic and Trade Office in Guangdong, a meeting was held between relevant authorities in Guangdong Province and representatives from the Hong Kong trade in early 2017 to discuss the particular situation and the policies concerned.

In addition, TID from time to time disseminates information to the trade by means of circulars to enhance the trade's understanding of the Mainland's new trade policies, legislation and business environment. A total of about 700 relevant circulars were issued in 2016-17. TID's website also includes a dedicated page on economic and trade information

of the Mainland, with hyperlinks to the economic and trade websites of about 200 Mainland authorities, so as to facilitate Hong Kong enterprises in getting access to economic and trade information of the Mainland on one single platform.

In face of changes in the global economic environment, TID has been supporting the trade through various aspects of work, and the relevant tasks carried out by TID are as follows:

- (i) Monitoring closely changes in the trade regulations of our trading partners and the trade remedy measures against Hong Kong-origin products, disseminating relevant information through commercial trade circulars and giving prompt advice to local traders and manufacturers, and lodging timely defence against any unfair or unfounded allegations and measures;
- (ii) Promoting trade and investment cooperation with other economies (including emerging markets), including negotiating Free Trade Agreements and Investment Promotion and Protection Agreements; and
- (iii) Participating in regional economic cooperation organisations, in particular the work of the Asia-Pacific Economic Cooperation and Pacific Economic Cooperation Council, discussing with other members the challenges brought about by the changes in the regional and global economic environment and the ways to address them, promoting regional economic growth and integration as well as enhancing the business environment in the region.

In 2017-18, TID will continue to monitor changes in the Mainland's economic and trade policies of significant impact on business operations and in the global economic environment to provide the trade with appropriate assistance and enhance trade and investment cooperation with other economies. We will also continue to strengthen liaison with emerging markets, and encourage and support the trade to tap into these markets.

The operational expenses and human resources of the above work have been subsumed under the overall estimated expenditure and staff establishment of TID respectively. It is difficult to quantify separately.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)334

(Question Serial No. 5395)

Head: (181) Trade and Industry Department

Subhead (No. & title): (-) -

Programme: (1) Commercial Relations

Controlling Officer: Director-General of Trade and Industry (Salina YAN)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

One of the tasks of the Trade and Industry Department on Commercial Relations is to continue to participate actively in WTO and to co-operate with the Organisation and its Members. In this regard, would the Government please advise the Committee, what specific measures will the Government take to enforce the co-operation with the WTO and other Members? How will the Government enhance Hong Kong's competitiveness in the co-operation with WTO and other Members? Within which, will there be any work to facilitate the facilitation of labour and environmental protection standards in WTO Members? What are the operational expenditure and the estimated expenditure on emoluments involved in the above matter over the past three years and in the 2017-18 Estimates, and what are the staff establishment and ranks of officials responsible for the relevant work respectively?

Asked by: Hon YIU Chung-yim (Member Question No. 145)

Reply:

Hong Kong is a strong advocate of free trade and open markets, and has adopted the rule-based multilateral trading system as the cornerstone for its external trade policy. We, using the name "Hong Kong, China" (HKC), have been actively taking part in the work of the World Trade Organization (WTO) (including advancing the Doha round of multilateral trade negotiations). We play an intermediary and bridging role to drive consensus towards trade liberalisation, thereby promoting and protecting Hong Kong's trade interests.

The Trade and Industry Department (TID), together with representatives of the Geneva Economic and Trade Office, maintains close working relationship with the Director-General of the WTO and other WTO Members, and actively participates in WTO's work. HKC assumes the Chairmanship of WTO Councils, Committees and Working Groups from time to time. Through participation in regular meetings and negotiations of the WTO, we proactively drive the negotiation process and engender consensus for expanding market access for the business sector of Hong Kong to enhance Hong Kong's competitiveness.

The Committee on Trade and Environment established under the WTO studies the relationship between the multilateral trading system and trade-related environmental measures. As a WTO member, we regularly participate in its discussions. WTO Members also declared at the Ministerial Meeting held in Singapore in 1996 that the International Labour Organisation is the competent body to set and deal with core labour standards. As such, no designated committee has been established by the WTO to deal with labour protection issues.

The operational expenses and human resources of the above work have been subsumed respectively under the overall estimated expenditure and establishment of TID. It is difficult to quantify separately.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)335

(Question Serial No. 5396)

Head: (181) Trade and Industry Department

Subhead (No. & title): (-) -

Programme: (1) Commercial Relations

Controlling Officer: Director-General of Trade and Industry (Salina YAN)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

One of the tasks of the Trade and Industry Department on Commercial Relations is to continue to participate actively in various Asia-Pacific Economic Cooperation (APEC) activities, and to cooperate with APEC and other member economies. In this regard, please advise this Committee on the specific measures adopted by the Government to strengthen the cooperation between APEC and its member economies. How will the Government enhance Hong Kong's competitiveness amidst the cooperation with APEC and other member economies? What are the works that can help promote labour and environmental protection standards in APEC member economies? What are the operational expenses and the estimated expenditure on emoluments involved in the above matters over the past 3 years and in the 2017-18 Estimates, and what are the staff establishment and ranks of officials responsible for the relevant tasks respectively?

Asked by: Hon YIU Chung-yim (Member Question No. 144)

Reply:

Hong Kong, under the name of "Hong Kong, China", participates actively in the work of the Asia-Pacific Economic Cooperation (APEC). Trade between Hong Kong and other APEC member economies accounts for some 80% of Hong Kong's external trade. Our participation in APEC has enabled us to collaborate with other member economies on various economic and trade issues in the region, ensuring Hong Kong's participation in the economic integration in the region and bringing new opportunities and room for development for Hong Kong enterprises.

The Trade and Industry Department (TID) has always actively taken part in and coordinated Hong Kong's participation in various APEC activities. It has cooperated with APEC and other member economies in various areas and key issues through participation in Senior

Officials' Meetings, Ministerial Meetings and Economic Leaders' Meetings annually. The SAR Government is also actively involved in the work of various working groups and fora under the APEC to substantially promote work programmes such as trade and investment liberalisation and facilitation. Moreover, we will also conduct bilateral meetings with other member economies to strengthen trade and economic cooperation by capitalising on the platform of APEC meetings.

APEC's primary goal is to achieve trade and investment liberalisation and facilitation for economic and trade cooperation and growth. Hong Kong has been maintaining close economic relations with APEC member economies. Any measures which can further improve the business environment and facilitate trade and investment in the region will bring opportunities for Hong Kong.

As far as trade facilitation is concerned, the relevant work being taken forward by APEC, such as simplifying customs procedures, enhancing business mobility through the APEC Business Travel Card, promoting electronic commerce and establishing mutual recognition arrangements for telecommunications, electrical and electronic equipment, etc. can help improve the region's business environment by allowing the business sector to save business costs and time.

To further deepen regional economic integration, APEC member economies have launched the work on the realisation of the Free Trade Area of the Asia-Pacific (FTAAP), which includes the completion of the Collective Strategic Study at the end of 2016. The Study has shown that the realisation of the FTAAP will reduce regional trade barriers, bringing immense opportunities to economies in the region and facilitating enterprises, including SMEs in Hong Kong, to further expand their business and investment in the region. With a view to realising the FTAAP the soonest, Hong Kong will participate actively in the related discussions and work, and will share our knowledge and experience with respect to our liberal trade policy.

Furthermore, APEC member economies adopted the *APEC Services Competitiveness Roadmap* in late 2016, which set out actions and goals to be attained by 2025. In this regard, Hong Kong looks forward to working closely with other member economies to promote services trade and investments in the region, and to enhance the competitiveness of the services industry.

The work of APEC Human Resources Development Working Group includes promotion of labour and social protection. The Group regularly convenes meeting and organises seminars and workshops on topics, including manpower training and occupational health and safety, to foster the exchange between member economies.

APEC Economic Leaders emphasised in their 2016 Declaration that energy access and energy security are critical to the shared prosperity and future development of the

Asia-Pacific region. Member economies reaffirmed the goals to reduce aggregate energy intensity by 45% by 2035 and double renewable energy in the regional energy mix by 2030. Hong Kong will collaborate with other member economies to promote sustainable development in the region.

In addition, APEC compiled a list of environmental goods for tariff reduction in 2012. Most member economies have reduced the tariffs on the 54 products on the list to 5% or less. The remaining member economies have also committed to the gradual implementation of tariff reduction measures.

The operational expenses and manpower resources of the APEC-related work have been subsumed under the overall estimated expenditure and staff establishment of TID. It is difficult to quantify separately.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)336

(Question Serial No. 5397)

Head: (181) Trade and Industry Department

Subhead (No. & title): (-) -

Programme: (1) Commercial Relations

Controlling Officer: Director-General of Trade and Industry (Salina YAN)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

One of the tasks of the Trade and Industry Department on Commercial Relations is to continue to participate actively in regional bodies including the Pacific Economic Cooperation Council (PECC), and to cooperate with PECC and other member economies. In this regard, please advise this Committee on the specific measures adopted by the Government to strengthen the cooperation between PECC and its member economies. How will the Government enhance Hong Kong's competitiveness amidst the cooperation with PECC and other member economies? What are the works that can help promote labour and environmental protection standards in PECC member economies? What are the operational expenses and the estimated expenditure on emoluments involved in the above matters over the past 3 years and in the 2017-18 Estimates, and what are the staff establishment and ranks of officials responsible for the relevant tasks respectively?

Asked by: Hon YIU Chung-yim (Member Question No. 143)

Reply:

Hong Kong, under the name of "Hong Kong, China", participates actively in the work of the Pacific Economic Cooperation Council (PECC), which is a tripartite partnership of government officials, business leaders and academics from various member economies. Representatives of the Hong Kong Committee for Pacific Economic Cooperation (HKCPEC) take part annually in the activities of PECC such as meetings, seminars and workshops etc., and conduct thematic studies and policy discussions with member economies to promote regional cooperation and economic development in the Pacific region.

Through organising seminars and a youth programme, the HKCPEC endeavours to promote public understanding in matter related to regional development and cooperation, and

cultivate the interest of the youth and students in participating in regional cooperation initiatives. The youth programme aims at encouraging Hong Kong youth to better understand Hong Kong's role and advantages in the Asia Pacific region, and to participate in studies and discussions on strengthening Hong Kong's competitiveness.

The HKCPEC also sponsors one to two students from local tertiary institutions every year to take up internship positions in the PECC Secretariat, giving them the opportunity to participate directly in studies and projects related to regional cooperation and development. The internship programme has been well-received by the institutions and students. Institutions are keen on nominating qualified students to take part in the selection. Students who have taken part in the internship programme consider that they have benefited a lot from the experience.

Members of the HKCPEC include government officials from the Trade and Industry Department (TID) and the Economic Analysis and Business Facilitation Unit, business leaders and academics. The Deputy Director-General of Trade and Industry is the Vice Chairman of the HKCPEC. TID serves as the Secretariat of the HKCPEC.

The operational expenses and manpower resources of the above work have been subsumed under the overall estimated expenditure and staff establishment of the TID respectively. It is difficult to quantify separately.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)337

(Question Serial No. 5398)

Head: (181) Trade and Industry Department

Subhead (No. & title): ()

Programme: (2) Trade Support and Facilitation

Controlling Officer: Director-General of Trade and Industry (Salina YAN)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

One of the tasks of the Trade and Industry Department on Trade Support and Facilitation is to implement the Kimberley Process Certification Scheme, which aims at stopping trade in “conflict diamonds” (also known as blood diamonds). In this regard, please advise this Committee how the Department evaluates its execution of such work with other departments for the above scheme? What are the quantity of rough diamonds certified under the scheme and their originating places over the past 3 years? What are the operational expenses and the estimated expenditure on emoluments involved in the above matters over the past 3 years and in the 2017-18 Estimates, and what are the staff establishment and ranks of officials responsible for the relevant tasks respectively?

Asked by: Hon YIU Chung-yim (Member Question No. 139)

Reply:

Established in 2003, the Kimberley Process (KP) is an international negotiating forum that aims to stop trade in “conflict diamonds”. To comply with the requirements of KP, the Trade and Industry Department (TID), in collaboration with the Customs and Excise Department, has implemented the Kimberley Process Certification Scheme (KPCS) for rough diamonds in accordance with the Import and Export (General) Regulations (Cap. 60, subsidiary legislation A) since January 2003, requiring any person participating in the trade of rough diamonds to be subject to registration and obtain certification before import and export of rough diamonds. As required under KP, TID submits a comprehensive report on its implementation of KPCS every year. KPCS in Hong Kong has been operating smoothly and is in compliance with the relevant requirements of KP.

During 2014-2016, the total weights of rough diamonds issued with import certificates and export certificates by TID were 40 656 695 carats and 39 852 985 carats respectively. Information of the top 10 economies with the highest import and export quantity is tabulated as follows:

Import		
	Issuing economy before import ^(Note 1)	Weight (Carat)
1.	European Union (EU)	14 734 175
2.	United Arab Emirates (UAE)	9 446 416
3.	India	5 378 791
4.	Russia	3 198 990
5.	Israel	2 312 371
6.	Switzerland	2 059 832
7.	Botswana	1 825 244
8.	Angola	604 737
9.	Singapore	544 526
10.	Mainland China	225 522

Export		
	Recipient economy (Note 2)	Weight (Carat)
1.	India	18 663 401
2.	UAE	8 487 732
3.	EU	5 388 785
4.	Mainland China	3 304 758
5.	Israel	1 676 689
6.	Switzerland	1 115 080
7.	Singapore	1 099 686
8.	United States	68 499
9.	Russia	22 010
10.	Thailand	14 473

Notes 1: Issuing economy refers to the last economy approving the export of rough diamonds to Hong Kong. According to the requirements of KP, exporters must obtain the Kimberley Process Certificates issued by the exporting economy before exporting rough diamonds. Therefore, Hong Kong importers must provide on the application for import certificate the information on the last economy and the KP Certificate so issued. TID will issue import certificate after the information is verified to be correct.

Notes 2: Recipient economy refers to the destinations of rough diamonds approved for export on the export certificate.

The operational expenses and manpower resources of the above work have been subsumed under the overall estimated expenditure and staff establishment of TID respectively. It is difficult to quantify separately.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)338

(Question Serial No. 5400)

Head: (181) Trade and Industry Department

Subhead (No. & title): ()

Programme: (2) Trade Support and Facilitation

Controlling Officer: Director-General of Trade and Industry (Salina YAN)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

One of the tasks of the Trade and Industry Department on Trade Support and Facilitation is to operate the Rice Control Scheme to ensure a stable supply of rice in Hong Kong. In this regard, would the Government please advise the Committee on the current Rice Control Scheme in Hong Kong and on the reserve stock amount together with the duration of stable and sufficient stock supply? In face of the crisis of global food production and unstable climate, will the Government review and increase the relative stock reserve? What are the operational expenses and the estimated expenditure on emoluments involved in the above matters over the past 3 years and in the 2017-18 Estimates, and what are the staff establishment and ranks of officials responsible for the relevant tasks respectively?

Asked by: Hon YIU Chung-yim (Member Question No. 138)

Reply:

Rice is a staple food in Hong Kong and is designated as a reserved commodity in the subsidiary regulation of the Reserved Commodities Ordinance (Cap 296, Laws of Hong Kong). This measure is to ensure a stable supply of rice in Hong Kong through requiring registered stockholders to keep a reserve stock sufficient for consumption by the population for a reasonable period to cater for emergencies or any short term shortage of supply. Currently, the reserve stock is maintained at a level sufficient for consumption for 15 days (around 13 600 tonnes).

The Government has always been closely monitoring the supply and demand of rice and the market changes in Hong Kong. In the past 10 years, the annual total sales volume of rice in Hong Kong stood between 310 000 and 340 000 tonnes. Meanwhile, the number of registered rice stockholders increased from 96 to 215. Apart from having new entrants to the rice industry, the trade has diversified the sources of supply from different countries and regions, so as to minimise the risk of short supply caused by natural disasters or other

circumstances in individual regions. As the local demand for rice remains stable, there is no need to adjust the requirements on the reserve stock at the moment.

The expenditure of the above work has been subsumed under the overall estimated expenditure of Trade and Industry Department. It is difficult to quantify separately.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)339****(Question Serial No. 6975)**Head: (181) Trade and Industry DepartmentSubhead (No. & title): ()Programme: (1) Commercial RelationsControlling Officer: Director-General of Trade and Industry (Salina YAN)Director of Bureau: Secretary for Commerce and Economic DevelopmentQuestion:

Would Trade and Industry Department please provide the names of the 19 Investment Promotion and Protection Agreements (IPPAs) signed between Hong Kong and other economies as well as those under preparation and not yet signed. For these Agreements, please provide the value and the ranking of direct investment (DI) to and from these economies in the past 3 years:

Name of agreement	Economies concerned	Investment by Hong Kong in the economies in the past 3 years (investment value; ranking; year)	Investment by the economies in Hong Kong in the past 3 years (investment value; ranking; year)

For the purpose of evaluating the impact of the Agreements on Hong Kong and those economies concerned, please provide the relevant data for the three years before and after the signing of those IPPAs:

Name of agreement	Economies concerned	Investment by Hong Kong in the economies 3 consecutive years before signing (investment value; ranking; year)	Investment by the economies in Hong Kong 3 consecutive years before signing (investment value; ranking; year)	Investment by Hong Kong in the economies 3 consecutive years after signing (investment value; ranking; year)	Investment by the economies in Hong Kong 3 consecutive years after signing (investment value; ranking; year)

Will the post-signing trend of changes impact on the plan for signing future IPPAs? If yes, how? If not, why?

Asked by: Hon YIU Chung-yim (Member Question No. 158)

Reply:

For the 19 IPPAs Hong Kong signed with other economies and the 4 IPPAs pending signing, the relevant data in the recent 3 years are as follows:

Economies concerned (Year of signing)	Stocks of outward DI of Hong Kong to the recipient economy in the recent 3 years (Ranking [#])			Stocks of inward DI of Hong Kong from the investor economy in the recent 3 years (Ranking [#])		
	2013	2014	2015	2013	2014	2015
Mexico (pending signing)	-	-	-	-	-	-
United Arab Emirates (pending signing)	-	-	-	-	-	-
Bahrain (pending signing)	-	-	-	-	-	-
Myanmar (pending signing)	-	-	-	-	-	-
Chile (2016)	-	-	-	-	-	-
Canada (2016)	73.0 (9)	73.9 (10)	74.5 (8)	31.5 (18)	38.6 (16)	35.2 (16)
Kuwait (2010)	-	-	-	-	-	-
Finland (2009)	-	-	-	-	-	-
Thailand (2005)	51.7 (12)	58.5 (12)	50.3 (13)	-	98.7 (11)	185.5 (10)
United Kingdom (1998)	232.0 (5)	242.0 (5)	248.5 (4)	159.6 (9)	131.9 (9)	256.4 (8)
Republic of Korea (1997)	18.5 (18)	-	-	26.8 (19)	-	25.4 (19)
Japan (1997)	12.5 (20)	15.0 (20)	-	205.8 (8)	226.5 (8)	225.8 (9)

HK\$(billion)

Economies concerned (Year of signing)	Stocks of outward DI of Hong Kong to the recipient economy in the recent 3 years (Ranking [#])			Stocks of inward DI of Hong Kong from the investor economy in the recent 3 years (Ranking [#])		
	2013	2014	2015	2013	2014	2015
Austria (1996)	-	-	-	-	-	-
Belgium* (1996)	-	-	-	-	-	-
Luxembourg* (1996)	85.7 (7)	78.1 (9)	70.0 (10)	-	-	-
Germany (1996)	-	-	-	51.9 (15)	36.8 (17)	20.9 (20)
France (1995)	-	-	-	57.1 (14)	46.2 (15)	65.1 (14)
Italy (1995)	-	-	-	-	-	-
New Zealand (1995)	-	-	-	-	-	-
Switzerland (1994)	-	-	-	65.5 (13)	82.2 (12)	85.1 (12)
Sweden (1994)	-	-	-	-	-	-
Denmark (1994)	-	-	-	-	-	-
Australia (1993)	113.5 (6)	130.3 (6)	135.4 (6)	-	28.4 (20)	-
Netherlands (1992)	30.0 (15)	26.8 (16)	32.4 (15)	696.6 (3)	745.9 (3)	778.7 (4)

- # The ranking was prepared based on the available statistics concerning DI between Hong Kong and other economies in the world.
- Since the number of samples available from economies outside the top 20 DI ranking is limited and the data obtained are not representative, the Census and Statistics Department is unable to provide the relevant statistics for these economies.
- * The Hong Kong Government and the Belgian-Luxembourg Economic Union signed an IPPA in 1996. In 2001 or before, the relevant statistics took the Economic Union as a single unit, and treated them as two separate economies subsequently.

For the 19 IPPAs Hong Kong signed with other economies, the relevant data of 3 consecutive years before and after signing are as follows:

HK\$(billion)

Economies concerned (Year of signing)	Stocks of outward DI of Hong Kong to the recipient economy in the year of signing and 3 consecutive years before signing (Ranking [#])	Stocks of inward DI of Hong Kong from the investor economy in the year of signing and 3 consecutive years before signing (Ranking [#])	Stocks of outward DI of Hong Kong to the recipient economy 3 consecutive years after signing (Ranking [#])	Stocks of inward DI of Hong Kong from the investor economy 3 consecutive years after signing (Ranking [#])
Chile (2016)	-	-	-	-
Canada (2016)	2013 – 73.0 (9) 2014 – 73.9 (10) 2015 – 74.5 (8)	2013 – 31.5 (18) 2014 – 38.6 (16) 2015 – 35.2 (16)	-	-
Kuwait (2010)	-	-	-	-
Finland (2009)	-	-	-	-
Thailand (2005)	2002 – 15.6 (12) 2003 – 18.3 (11) 2004 – 20.2 (10) 2005 – 18.5 (11)	2005 – 28.6 (10)	2006 – 29.2 (9) 2007 – 35.8 (10) 2008 – 34.2 (10)	-
United Kingdom (1998)	1998 – 92.0 (3)	1998 – 149.3 (4)	1999 – 68.6 (5) 2000 – 63.7 (4) 2001 – 66.4 (5)	1999 – 192.6 (5) 2000 – 49.4 (9) 2001 – 42.3 (9)
Republic of Korea (1997)	-	-	1998 – 6.5 (14) 1999 – 3.6 (20) 2000 – 3.0 (19)	1998 – 12.6 (12) 1999 – 13.5 (15) 2000 – 8.8 (17)
Japan (1997)	-	-	1998 – 4.6 (18) 1999 – 11.9 (12) 2000 – 13.0 (11)	1998 – 105.5 (7) 1999 – 106.0 (8) 2000 – 107.9 (6)
Austria (1996)	-	-	-	-
Belgo-Luxembourg Economic Union* (1996)	-	-	-	1998 – 4.7 (18) 1999 – 4.3 (18)

HK\$(billion)				
Economies concerned (Year of signing)	Stocks of outward DI of Hong Kong to the recipient economy in the year of signing and 3 consecutive years before signing (Ranking [#])	Stocks of inward DI of Hong Kong from the investor economy in the year of signing and 3 consecutive years before signing (Ranking [#])	Stocks of outward DI of Hong Kong to the recipient economy 3 consecutive years after signing (Ranking [#])	Stocks of inward DI of Hong Kong from the investor economy 3 consecutive years after signing (Ranking [#])
Germany (1996)	-	-	1999 – 22.1 (7)	1998 – 9.2 (13) 1999 – 14.0 (14)
France (1995)	-	-	-	1998 – 7.6 (15)
Italy (1995)	-	-	-	-
New Zealand (1995)	-	-	1998 – 12.8 (9)	-
Switzerland (1994)	-	-	-	-
Sweden (1994)	-	-	-	-
Denmark (1994)	-	-	-	-
Australia (1993)	-	-	-	-
Netherlands (1992)	-	-	-	-

- # The ranking was prepared based on the available statistics concerning DI between Hong Kong and the other economies in the world.
- The Census and Statistics Department began preparing statistics of Hong Kong's inward and outward DI since 1998, hence no relevant statistics can be provided. Moreover, since the number of samples available from economies outside the top 20 DI ranking is limited and the data obtained are not representative, the Census and Statistics Department is unable to provide the relevant statistics for these economies.
- * The Hong Kong Government and the Belgo-Luxembourg Economic Union signed an IPPA in 1996. In 2001 or before, the relevant statistics took the Economic Union as a single unit, and treat them as two separate economies subsequently.

Hong Kong forges IPPAs with other economies with a view to enhancing overseas investors' confidence that their investments in Hong Kong enjoy equitable treatment and protection, while at the same time securing reciprocal treatment and protection for Hong Kong investors'

investments overseas. Since investment data are influenced by a wide range of factors, they cannot fully reflect the effectiveness of the IPPAs and the investment potential in particular destinations of investment. When formulating our strategy in forging IPPAs with other economies with a view to expanding our IPPA network, we will not only make reference to the investment data, but also take into account factors such as the stage of development of different economies, trends of regional development, potential business opportunities, etc.

- End -