

For Information

Legislative Council Panel on Economic Development

Hong Kong Tourism Board

Work Plan for 2017-18

Purpose

The paper at Annex sets out the Hong Kong Tourism Board (HKTB)'s work plan for 2017-18 for Members' information.

Background

2. The HKTB is a statutory body established in 2001 under the Hong Kong Tourism Board Ordinance (Cap. 302). Its core function is to promote Hong Kong globally as a leading international city in Asia and a world-class tourist destination.

3. The HKTB's activities are primarily funded by the Government. Each year, the HKTB maps out its work plan for the year ahead, taking into account the macro environment and the tourism policy of the Government. In drawing up the work plan, the HKTB conducted extensive consultation with various tourism stakeholders, including travel agents, airlines, hotels, retailers, restaurants, attractions, as well as the academia. The work plan at the Annex has incorporated their views. It also gives an overview of the tourism performance in 2016.

4. The work plan will be submitted to the Secretary for Commerce and Economic Development for approval under Section 17B of the Hong Kong Tourism Board Ordinance. The subvention for the HKTB will form part of the Appropriation Bill, the passage of which is subject to the Legislative Council's approval.

5. Members are invited to note the HKTB's Work Plan for 2017-18 at the Annex.

Tourism Commission

Commerce and Economic Development Bureau

February 2017

HONG KONG TOURISM BOARD WORK PLAN FOR 2017-18

PURPOSE

1. This paper presents the work plan of the Hong Kong Tourism Board (HKTB) for 2017-18. It also gives an overview of Hong Kong's tourism industry in 2016 and the outlook for 2017, which form the background for developing the objectives, strategic focuses and key initiatives of the HKTB for 2017-18.

BACKGROUND

2. The HKTB is a statutory body tasked with marketing and promoting Hong Kong as a preferred travel destination worldwide. Each year, the HKTB undertakes a structured planning process to map out its strategies and initiatives for the year ahead, taking into account various factors in the macro environment, such as global economic conditions and market trends, as well as relevant policy directions of the Government. In 2017-18, the HKTB will take active steps to increase visitor arrivals by stepping up marketing efforts in source markets, organising mega events and promoting other tourism-related initiatives. The HKTB will also strive to maintain visitors' satisfaction and stimulate their spending to maximise the benefits brought by tourism to Hong Kong's economy and the community at large.

3. In devising the work plan for 2017-18, the HKTB has conducted a series of consultation with stakeholders of the local tourism industry, including travel agencies, airlines, hotel owners and management, retailers, food and beverage caterers, attraction operators, and academia.

OVERVIEW OF 2016 TOURISM PERFORMANCE

Total visitor arrivals

4. In 2016, international markets performed well with a good growth in visitor arrivals. Nevertheless, visitor arrivals to Hong Kong in 2016 decreased by 4.5% to 56.65 million mainly due to a drop of visitor arrivals from the Mainland. Details are as follows:

	Visitor arrivals		
	2016	2015	2016 vs. 2015
Mainland China ('000)	42,778	45,842	-6.7%
International markets ('000)	13,877	13,465	+3.1%
Short-haul markets ^ ('000)	8,653	8,298	+4.3%
Long-haul markets * ('000)	4,395	4,284	+2.6%
New markets ** ('000)	829	883	-6.1%
Total ('000)	56,655	59,308	-4.5%

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

^ Excluding 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.

5. The Mainland of China continued to be the largest visitor source market for Hong Kong. However, the “one trip per week” policy continued to affect the number of same-day visitors. Meanwhile, many countries and regions have relaxed their visa requirements for inbound travellers or rolled out tailored promotions to draw visitors from the Mainland, resulting in an increasingly fierce competition for Hong Kong in the Mainland market. In addition, unfortunate incidents involving Mainland visitors in previous years still impaired the impression of some Mainland consumers towards Hong Kong. All these factors contributed to a decrease of 6.7% in total arrivals from the Mainland in 2016.

6. For short-haul markets, total arrivals increased by 4.3%. In 2016, a number of short-haul markets recorded remarkable growth. Arrivals from South Korea, the Philippines and Thailand hit record high, exceeding 1.39 million (+12.0%), 790,000 (+12.4%) and 590,000 (+12.3%) respectively. Indonesia also saw significant double-digit growth of 12.3%.

7. Arrivals from long-haul markets increased by 2.6% in 2016 as compared with 2015, with growth in the number of visitors from all our key markets such as the US, Canada, the UK, France, Germany and Australia. Performance of the new markets varied, the Netherlands and the GCC markets recorded growth while Vietnam remained flat. Meanwhile, the number of visitors from India dropped due to intensified competition and the increase in capacity on

direct flight from India to the Mainland. As for Russia, while there was a drop in full-year arrivals, there was sign of recovery in the fourth quarter.

Overnight visitor arrivals

8. In 2016, overnight visitor arrivals amounted to 26.55 million, similar to that in 2015. Overnight arrivals from international markets grew steadily, while Mainland overnight arrivals declined. Details are as follows:

	Overnight visitor arrivals		
	2016	2015	2016 vs. 2015
Mainland China ('000)	17,365	17,997	-3.5%
International markets ('000)	9,188	8,689	+5.7%
Short-haul markets ^ ('000)	5,470	5,047	+8.4%
Long-haul markets * ('000)	3,135	3,050	+2.8%
New markets ** ('000)	583	593	-1.5%
Total ('000)	26,553	26,686	-0.5%

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

^ Excluding Mainland China, Vietnam and India

* Excluding the GCC markets, the Netherlands and Russia

**New markets include India, the GCC markets, the Netherlands, Russia and Vietnam.

9. Performances of individual market regions are set out below:

- (A) The Mainland: As mentioned in paragraph 5, performance of the Mainland market was affected by a number of factors. A decline of 3.5% in overnight arrivals was recorded in 2016.
- (B) Short-haul markets: In 2016, the HKTB stepped up its promotion in the short-haul markets. Overnight arrivals from short-haul markets achieved a growth of 8.4%, of which Indonesia (+15.9%), the Philippines (+15.6%), South Korea (+14.8%), and Thailand (+10.7%) recorded double-digit growth; while arrivals from Japan (+9.4%) and Taiwan (+5.0%) also increased.
- (C) Long-haul markets: Overnight arrivals from the long-haul markets increased by 2.8%. Germany was the best performing market (+5.5%), and the US (+3.6%), the UK (+3.1%), Canada (+2.9%) and France (+0.6%) also recorded growth.
- (D) New markets: Overnight arrivals from the GCC markets, the Netherlands and Vietnam recorded growth of 5.1%, 4.8% and 3.4% respectively. However, overnight arrivals from India and Russia, the two markets which made up the largest share of new markets, declined by 3.3% and 5.8% respectively, resulting in a 1.5% drop in total overnight arrivals from new markets.

Business and Meetings, Incentives, Conventions and Exhibitions (MICE) visitors

10. In 2016, overnight business arrivals amounted to 4.05 million, increased by 1.2% from 2015. Though the Hong Kong dollar remained relatively strong and some MICE event organisers opted for other destinations to host their events, overnight MICE arrivals still grew by 9.9% as a number of large-scale conventions and exhibitions were held in Hong Kong in 2016.

Please refer to Attachment I for a detailed breakdown of visitor arrivals from individual source markets in 2016.

Visitor spending and average length of stay

11. Visitor spending and average length of stay of overnight visitors in 2016 are shown in the table below:

	2016	2015	2016 vs. 2015
Average length of stay of overnight visitors (nights)	3.3	3.3	Unchanged
Per capita spending (PCS) by overnight visitors*(HK\$)	6,602	7,234	-8.7%
Total Expenditure Associated with Inbound Tourism (TEAIT) ^{1*} (HK\$ billion)	300.68	332.29	-9.5%
Visitor satisfaction* [^] (out of 10)	8.3	8.2	+0.1

* Projection made in January 2017

[^] Excluding same-day, in-town visitor arrivals

12. The average length of stay of overnight visitors in 2016 was 3.3 nights, same as 2015. Visitors from the Mainland, short-haul markets (excluding the Mainland) and long-haul markets spent an average of 3.2 nights, 2.9 nights and 4.0 nights in 2016 respectively.

13. The PCS of all overnight visitors in 2016 decreased by 8.7% to HK\$6,602 due to the depreciation of RMB, currency factors, changing spending patterns among visitors and a drop in hotel room rates. TEAIT decreased by 9.5% to HK\$300.7 billion as compared to 2015. Meanwhile, visitor satisfaction slightly increased by 0.1 point to 8.3 on a 10-point scale.

¹The tourism expenditure figures were calculated according to methodology recommended by the United Nations World Tourism Organization (UNWTO). The two components of TEAIT are: (1) Total Destination Consumption Expenditure – the sum of all payments made by visitors for goods and services consumed in Hong Kong, including accommodation, shopping, meals and entertainment. This information is collected from the HKTB's Departing Visitors Survey; (2) Passenger International Transportation Expenditure – receipts of Hong Kong-based carriers for cross-boundary transportation of non-resident passengers by air, sea or land. The data is provided by the Census and Statistics Department of the Hong Kong Special Administrative Region Government.

TOURISM OUTLOOK FOR 2017

Continued uncertainties in the global economy

14. The world's major economies are expected to face a number of uncertainties in 2017. This may pose adverse impact on consumers' desire to travel and travellers will be more cautious with their travel spending.

15. In 2017, the Mainland's economic growth is expected to experience pressure in view of the uncertainties in the external environment and short-term fluctuations arising from the continued transformation of the Mainland's economic structure. It is believed that the Central Government will continue to implement measures to maintain a steady economic growth, although the Mainlanders' desire to visit Hong Kong will still likely be affected if RMB continues to depreciate.

16. The market has been cautious about the development of the US economy and policies of the new administration after the US presidential election. The US is the largest economy in the world, any substantial change in its policies is expected to impact the recovery of the global economy, and Hong Kong will be of no exception. As for Europe, its economy has seen moderate growth, however, financial structural problems such as high unemployment rate and debt issues remain unresolved. Also, Brexit, refugee crisis, and the risk of terrorist attacks pose uncertainties to the economy of the Euro zone.

17. In the short-haul region, the Japanese economy is likely to remain weak and deflation might persist. In South Korea, a number of incidents occurred in major corporations, the slowdown in domestic demand, and the uncertainties in political situation may have adverse impact on the country's economic development. In contrast, driven by domestic demand, economic growth is expected for Southeast Asian countries.

18. Among the new markets, the Indian economy is expected to have a better performance in 2017 due to the continued improvement in economic structure driven by the Indian government's economic reform policies in recent years. The relationship between the US and Russia is expected to improve with the new US president in office. However, the Russian economy might still be restrained by the sanctions imposed by Western countries.

19. If the US economy continues to improve, the US Federal Reserve is highly likely to continue to increase interest rates, although the frequency and magnitude of the raise will depend on the performance of the US economy, the fiscal policies of the new administration, as well as the global economic situation. Thus, monetary uncertainties still exist. On the other hand, Euro and Pound

Sterling may continue to weaken due to the uncertain global economic situation and the impact brought by the UK's negotiation with the EU on the Brexit. In the Mainland, the depreciation pressure on RMB is expected to persist. Should the above materialise, a number of currencies will depreciate against the Hong Kong dollar as the latter is pegged to the US dollar, thereby reducing Hong Kong's competitive edges among neighbouring destinations and the spending power of travellers from these markets. This is unfavourable for attracting visitors to come to Hong Kong and spend.

20. According to a forecast by the UNWTO², global tourism will grow mildly by approximately 3% to 4% in 2017.

Ever-intensifying competition

21. Destinations from around the world are stepping up their marketing efforts on tourism industry, giving rise to fierce competition in the region. Several Asian destinations, including the Mainland, Taiwan, Japan, South Korea, Singapore and Malaysia, have been proactively developing tourism, enhancing their tourism facilities and launching large-scale marketing campaigns in recent years. Some of these destinations have also introduced policies to facilitate the visit of Mainland visitors. In addition, Japanese Yen has remained weak in the past two years, making Japan a more appealing destination. If this trend sustains in 2017, it is likely that more visitors will be drawn to Japan.

22. Hong Kong has long been an aviation hub in the region with good air connectivity. In recent years, a number of cities in the region have been actively developing their air connectivity with overseas source markets, resulting in a significant growth in the number of direct flights to and from these cities. According to the International Air Transport Association (IATA)³, in 2016, capacity on direct flights connecting major cities in the region, including Osaka (+14.1%), Tokyo (+6.6%), Seoul (+11.6%), Taipei (+10.6%), Bangkok (+7.5%), Guangzhou (+18.4%), Shanghai (+8.8%) and Beijing (+7.4%), recorded notable increases, while Hong Kong only registered a modest growth of 2.4%.

23. Low-cost carriers (LCC) are rapidly expanding their market reach in some Asian countries and regions, such as South Korea, Taiwan, Japan and Southeast Asia. The relatively lower airfare diverts visitors to these countries for short visits.

24. According to the statistics of China Tourism Academy⁴, the number of departures from the Mainland reached 122 million in 2016, a 4% growth as

² Forecast made by the UNWTO in January 2017.

³ Data from IATA on 14 December 2016.

⁴ Data from China Tourism Academy in January 2017.

compared to 2015. Many countries and regions will continue to proactively attract these high-spending Mainland visitors, resulting in more competition for Hong Kong. In recent years, with the strong upward trend of the number of Mainland visitors, destinations such as Japan, Taiwan and Thailand have started to shift their marketing focus to member states of the Association of Southeast Asian Nations (ASEAN) for a more balanced market portfolio. It is expected that it will be increasingly challenging to draw short-haul visitors to Hong Kong in the future.

Opportunities arising from tourism-related policies and infrastructure development

25. The development of Hong Kong's tourism should not be focused on achieving merely a growth in visitor arrivals, but on pursuing a balanced, healthy and long-term growth by developing diversified products and high-yield tourism. With this direction, the Government provided additional funding to the HKTB last year for drawing more high-spending, overnight visitors. The related initiatives have borne fruit. Please refer to paragraphs 4 to 10 for the changes in the number and structure of visitors last year.

26. This year, the Government will continue to focus on attracting high-spending, overnight visitors. In addition to the recurrent funding, the Government has earmarked an additional funding of approximately HK\$82 million in this year's Policy Address to the HKTB for ensuring a stable and healthy development of Hong Kong's tourism. To enrich Hong Kong's tourism appeal, the "A Symphony of Lights" show, which was first launched in 2004, will be updated to enhance lighting effects in amalgamation with creative light shows, in order to better complement the city's world-famous night view. The HKTB will also step up the promotion of some home-grown events, including the Hong Kong Wine & Dine Festival, Hong Kong Cyclothon, Hong Kong Dragon Boat Carnival and Tai Hang Fire Dragon Dance, marketing them as signature events in Asia to highlight the city's gourmet food, dynamism and local culture. In addition, the recently launched Food Truck Pilot Scheme has further enhanced the appeal of various attractions and bringing visitors and locals plenty of creative gourmet food.

27. In terms of the planning of tourist attractions, in the coming one or two years, various new cultural and heritage tourist attractions will be completed. The Government is now updating and enriching the Dr Sun Yat-sen Historical Trail, including re-designing the memorial plaques and updating their contents. The revitalisation works are expected to complete in late 2017. The Historical Trail, in tune with other surrounding attractions including the PMQ and Tai Kwun (the former Central Police Station Compound) which is due for opening later this year, will transform the Central and Western District into a community filled with

an “art-across-time” ambience. In the medium term, the West Kowloon Cultural District (WKCD) will be the focal point in cultural tourism of Hong Kong. Various facilities in the 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 two major theme parks have also been actively enhancing their amusement facilities and entertainment programmes. Ocean Park’s new water park and two latest hotels are under development and are scheduled for completion between 2018 and 2020. The Hong Kong Disneyland’s adventure-themed hotel is also set to commence services on 30 April 2017. The Government and the Hong Kong Disneyland will also continue with the expansion and development plan to pave way for more new facilities starting from 2018. Meanwhile, the Government is launching the Kai Tak Tourism Node project, which aims to turn the area nearby the cruise terminal into a world-class tourism, entertainment and leisure hub to attract both locals and visitors. The Government will also continue with its planning studies in respect of the Lantau development, including the study on developing the North Lantau for leisure and tourism uses.

28. The Government’s investment in transportation and infrastructure is also set to enhance Hong Kong’s connectivity with its neighbouring cities and, as a result, expand its source markets. Locally, the Kwun Tong Line Extension and South Island Line of the Mass Transit Railway commenced operation in late 2016, which further enhance Hong Kong’s intra-city transport network and offer visitors greater convenience. In addition, the connectivity between Hong Kong and the Mainland will be further enhanced in the coming few years. This will not only provide Mainland visitors with greater convenience to travel to Hong Kong, but also facilitate overseas visitors’ travel to the Mainland via Hong Kong, consolidating Hong Kong’s position as the gateway to the Mainland.

29. According to the current planning, hotel room supply will continue to increase. By 2019, the total number of hotel rooms is expected to reach 85,000, approximately 10,000 more than that in 2016, offering more choices for visitors.

PROJECTIONS FOR 2017

30. Having taken into account the above factors in the macro environment, including risks and opportunities, tourism-related policies, developments in visitor source markets, and the analyses and forecasts by international organisations, the HKTB has made the following projections for various key tourism performance indicators in 2017:

Key Tourism Performance Indicators	2017 Projections	Vs. 2016
Total visitor arrivals ('000)	55,388	-2.2%
Arrivals from the Mainland ('000)	41,188	-3.7%
Overnight arrivals	17,169	-1.1%
Same-day, in-town arrivals	24,020	-5.5%
Arrivals from short-haul markets ('000)	8,882	+2.7%
Arrivals from long-haul markets ('000)	4,483	+2.0%
Arrivals from new markets ('000)	834	+0.7%
Average length of stay of overnight visitors* (nights)	3.3	Unchanged
Visitor satisfaction^* (out of 10)	8.3	Unchanged
PCS by overnight visitors* (HK\$)	6,256	-5.2%
TEAIT* (HK\$ billion)	286.73	-4.6%

[^] Excluding same-day, in-town visitors

* Comparison based on preliminary figures made in January 2017

FOCUSES OF 2017-18 WORK PLAN

31. The HKTB Work Plan 2017-18 has five focuses:
- (A) Focus 1: Concentrate resources on driving high-yield overnight arrivals.
 - (B) Focus 2: Uphold the city's image as a world-class travel destination.
 - (C) Focus 3: Strengthen trade support and generate new business opportunities through partnership.
 - (D) Focus 4: Promote MICE and cruise tourism.
 - (E) Focus 5: Strengthen corporate governance.

Focus 1: Concentrate resources on driving high-yield overnight arrivals

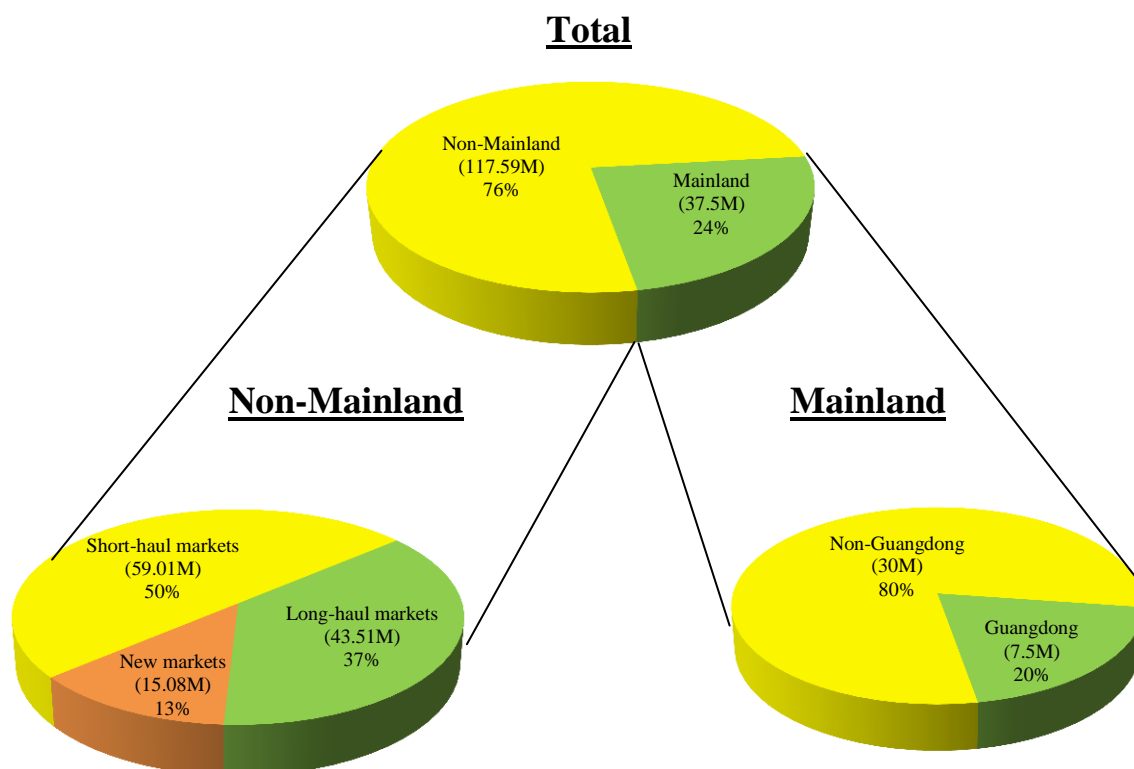
Fine-tune market investment strategies and continue to focus on drawing overnight visitors

32. With changes in visitor structure and consumer spending pattern, coupled with the intense competition in the region, development of diversified products and high-yield tourism are required for Hong Kong to stay ahead as a preferred travel destination in the region. In 2017-18, the HKTB will continue to focus its promotion on the diverse travel experiences one can get in Hong Kong and continue to differentiate the city from the others. The HKTB aims to attract more overnight visitors from different markets in order to maximise the economic benefits brought by the tourism industry.

33. In 2017-18, the HKTB will continue to focus its resources on 20 key markets, which together generate approximately 96% of all visitor arrivals to Hong Kong. To maintain a diverse market portfolio and uphold Hong Kong's image as Asia's World City and a world-class destination, the HKTB will invest most of its marketing budget in the international markets. The HKTB will regularly review its market priority and investments in different markets and report its findings to the Board. It will also maintain flexibility in its resource allocation and stay alert to market situation in order to make adjustment in response to any unforeseeable changes in macro environment, step up its promotion in major markets and attract more visitors to Hong Kong.

34. The HKTB's total marketing budget in 2017-18 is estimated to be HK\$398.11 million, of which HK\$155.09 million will be invested in visitor source markets to drive overnight arrivals. Of this, 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; 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 key new markets such as India and Russia. Resources invested in the Mainland market will account for 24% of the total budget invested in markets, around 80% of which will go to non-Guangdong areas. The diagram below shows the distribution of resources in different visitor source markets in 2017-18:



(A) The Mainland market

To increase Hong Kong’s tourism receipts from this market, the HKTb will continue to focus on attracting overnight arrivals in 2017-18. As over half of the overnight arrivals are coming from Guangdong Province (including Shenzhen), the HKTb will invest more resources in Guangdong Province, with focuses on Guangzhou, Dongguan and Foshan to attract 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, in order to attract more first-timers to Hong Kong. Initiatives include:

(i) Promote Hong Kong's hospitable image and quality service culture

- Invite high-rating 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 promotional videos on online media in the Mainland to highlight the unique and diverse experiences offered by Hong Kong, and to deliver the message that Hong Kong welcomes all visitors.
- 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 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.
- Arrange personalities or key opinion leaders (KOLs) to visit and experience Hong Kong by partnering with Mafengwo, the Mainland's largest social platform which gathers information for 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.

- 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 & 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.
- Promote the Quality Tourism Services (QTS) Scheme through partnership with major online platforms such as Dianping and Fliggy.com. The HKTB will also work with the Quality Tourism Services Association (QTSA) to roll out exclusive offers for visitors during the peak summer travel season.

(B) Short-haul markets

- (i) 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.
- (ii) Continue to work with local trade partners, airlines, hotels and tourist attractions to provide offers for family visitors during long school holidays in short-haul markets, such as Southeast Asia, South Korea and Taiwan.
- (iii) To attract the young segment, the HKTB will step up the promotion of Hong Kong as a desirable short-break getaway destination in regions such as Southeast Asia, South Korea and Taiwan. The HKTB will continue to work with local trade partners, hotels, airlines and attractions to launch attractive tour products to draw young visitors to Hong Kong during their short breaks.

(C) Long-haul markets

- (i) It is expected that travel sentiments in many long-haul markets will continue to be impaired by uncertain economic conditions. The HKTB will approach these markets with caution, and make use of public relations initiatives and digital marketing channels to maintain Hong Kong's presence.

- (ii) In view of the popularity of multi-destination travel among long-haul visitors, the HKTB will work closely with other tourism authorities in the Pearl River Delta region to promote multi-destination itineraries and products featuring Hong Kong in long-haul markets. The HKTB will also work with tourism organisations of different destinations to promote multi-destination products in India, North America and Russia.

(D) New markets

In 2016, performances of the new markets, including India, Russia, the GCC markets, Vietnam and the Netherlands, varied due to economic and other reasons that are likely to continue in 2017. As a result, the HKTB has planned in 2017-18 to invest more resources reserved for new markets in India to fully tap on the opportunities brought by the market's economic development. The HKTB will proactively promote MICE and cruise travel in the market, and will also continue to join hands with Guangdong Province and Macau to promote multi-destination itineraries and products featuring Hong Kong.

Attachment II shows the breakdown of the HKTB's investments by market.

Focus 2: Uphold the city's image as a world-class travel destination

Showcase unique Hong Kong experiences

35. Last year, the HKTB rolled out a new brand campaign, "Best of all, It's in Hong Kong", to further promote Hong Kong's diverse and unique tourism appeal. The new brand showcases Hong Kong's essence of "non-stop intensity", "compact variety", "fascinating contrasts" and "distinctly trendy", and promotes the city's seven core experiences, namely dining, shopping, nightlife, attractions, living culture, arts & entertainment, as well as sports & outdoors. The brand campaign has been launched in the Mainland, Taiwan, South Korea, Japan and the Southeast Asia.

36. In 2016-17, with the additional funding from the Government, the HKTB produced four new promotional videos with themes of "Gourmet & Nightlife", "Trendy Arts & Entertainment", "Family Fun", and "Great Outdoors & Living Culture". These videos complement the latest brand campaign and highlight the unique travel experiences that Hong Kong can offer. They have been broadcast on 70 regional channels, local TV stations in source markets, and major digital and social media platforms. In 2017-18, the HKTB plans to continue to broadcast these videos, with the addition of elements related to the 20th

anniversary of the establishment of the HKSAR, in key source markets, in particular short-haul markets.

37. Under this “Best of all, It’s in Hong Kong” brand campaign, the HKTB has also set up a dedicated webpage to introduce Hong Kong’s diverse travel experiences, exciting events, suggested itineraries and offers provided by travel trade partners to facilitate visitors’ trip planning. The HKTB will also share feature stories on social media platforms to elaborate the themes of the videos.

Extend reach through digital platforms

38. The HKTB will continue to utilise digital tools, including the internet, mobile applications and social media, to promote the diverse travel experiences offered by Hong Kong. The HKTB will enrich the contents on its digital platforms, and strengthen its collaboration with various major social and digital media to promote Hong Kong’s unique experiences to visitors leveraging the media’s extensive reach. Related initiatives include:

- (A) Work with popular travel portals such as TripAdvisor, airlines and online travel agents to create contents on Hong Kong’s diverse travel experiences and promote local events and unique travel products.
- (B) Make use of user-generated content and encourage visitors to share videos, images and articles that capture their Hong Kong experience on HKTB’s digital platforms. The content will be re-posted by the HKTB to allow other viewers to enjoy Hong Kong’s appeal and attract them to visit Hong Kong.
- (C) Collaborate with source markets’ online celebrities to share their Hong Kong experience on major video or social media platforms, and re-post special offers related to travelling to Hong Kong.
- (D) Continue to make live broadcast of mega events on social media platforms. Online voting will also be included to enhance interaction with fans. The HKTB will also partner with more local and overseas Instagrammers to promote Hong Kong through creative images, so as to attract more visitors.
- (E) Enhance the itinerary planning function of the “My Hong Kong Guide” mobile app by providing push notifications of the latest mega events and other travel tips according to the location of users.

Maximise Hong Kong's presence through extensive international media network

39. Leveraging the high penetration of TV, the HKTB has actively collaborated with major TV stations in different markets to promote the diverse features of Hong Kong. In 2017-18, the HKTB will continue to invite global and regional TV channels and TV production houses to film their programmes in Hong Kong. Through these programmes and online platforms of these media organisations, messages about Hong Kong can be reached to a bigger audience in a faster way.

40. To celebrate the 20th anniversary of the establishment of the HKSAR, the HKTB will launch a year-round public relations campaign titled "Hong Kong Best 20". Renowned local photographers will be invited to take 20 impressive shots for each of the seven core experiences, namely dining, shopping, nightlife, attractions, living culture, arts & entertainment, and sports & outdoors, for promoting Hong Kong in overseas markets. Leveraging the Government's overseas promotion activities, the HKTB will also work with famous local chefs to promote Hong Kong's culinary delights and food culture in selected overseas markets, and encourage visitors to explore the unique dining experience in Hong Kong.

41. Each year, the HKTB invites over 400 international media organisations to Hong Kong to experience the various appeal of Hong Kong according to the preference of different source markets and target segments. In addition to the mega events organised by the HKTB, the media is invited to feature other local events, living culture and lesser-known tourism appeal. Through their reports and features, overseas consumers can get a taste of the unique travel experiences of Hong Kong. In 2017-18, the HKTB will continue these initiatives to promote Hong Kong's diverse travel elements through international media channels.

42. The HKTB plans to continue its collaboration with the online platforms of major international media organisations, including CNN.com and BBC.com, in developing dedicated web pages featuring Hong Kong. These pages will regularly release travel information and recommendations on exploring the city in depth. In the coming year, this kind of collaboration will be extended to major online news portals in other source markets. The HKTB will also continue to work with major newswires and stock photo agencies such as Reuters and Getty Images, and through their extensive network, disseminate stories, photos and videos capturing special moments and major events held in Hong Kong to media organisations worldwide.

Consolidate the city's image as the events capital of Asia with enhanced travel experiences

43. Each year, the HKTB stages a series of mega events and projects to promote the city's festive celebrations, international events, arts and cultural performances, sports events and programmes organised by major attractions so as to highlight Hong Kong's tourism appeal and enhance the city's image as the events capital of Asia. These mega events not only enrich visitors' experience, but also put Hong Kong under the international spotlight, as well as create business opportunities for merchants in local districts by diverting visitor traffic to those districts where these events are held.

44. In the Policy Address, the Government earmarked an additional funding to support the HKTB's enhanced promotion of such home-grown events as Hong Kong Wine & Dine Festival, Hong Kong Cyclothon, Hong Kong Dragon Boat Carnival and Tai Hang Fire Dragon Dance. These events, showcasing Hong Kong's gourmet food, dynamism and local culture, will be marketed as signature events in Asia. In addition, the "A Symphony of Lights" show will be updated in amalgamation with light shows to develop Hong Kong's own brand of light attraction. The HKTB will follow this direction and deploy the additional funding to enrich its mega events and step up related promotion, so as to consolidate Hong Kong's position as Asia's events capital.

45. New elements will be added to selective mega events to commemorate the 20th anniversary of the establishment of the HKSAR, such as setting up 20th anniversary cups for Hong Kong Dragon Boat Carnival and Hong Kong Cyclothon as well as adding in celebratory programmes to the Hong Kong Wine & Dine Festival and the Hong Kong November Feast. The HKTB also plans to stage a brand-new mega event in summer, featuring a large-scale carnival with food, music and e-Sports.

46. At the same time, the HKTB will continue to promote events and activities staged by other organisations and groups, such as Hong Kong Sevens, Hong Kong Marathon, Hong Kong Arts Festival, Art Basel, and FIA Formula E – Hong Kong ePrix. Later this year, the revitalised Central Police Station Compound is expected to open as a new centre for heritage and art. Leveraging this opportunity, the HKTB plans to repackage and position Central as a must-visit hub with arts & cultural, historic architecture, food & wine and entertainment elements, and promote to visitors, trade partners and international media. A guidebook will be published to introduce themed walking routes that highlight different experiences in Central. The HKTB will also encourage and assist local travel trade partners to develop special tours featuring Central. In addition, the HKTB plans to work with the attractions, communities and

merchants in that district to organise special events during the year to attract more visitors.

47. The following is a list of mega events organised and supported by the HKTB, covering Chinese and Western festivals, sports and outdoors, as well as arts, culture and entertainment.

Tourism strength(s) to be highlighted	Mega Events (Tentative Time)
Traditional festivals	<ul style="list-style-type: none"> • Birthday of Tin Hau (April) • Cheung Chau Bun Festival, Birthdays of Buddha and Tam Kung (May) • Hong Kong Dragon Boat Carnival (June) • Mid-Autumn Festival and Fire Dragon Dance (October) • Chinese New Year Celebrations (February 2018)
Western festivals	<ul style="list-style-type: none"> • Halloween Treats (October) • Hong Kong WinterFest (December) • Hong Kong New Year Countdown Celebrations (December)
Shopping & entertainment	<ul style="list-style-type: none"> • Summer promotion (July to August) • 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) • Hong Kong Wine & Dine Festival (October) • Hong Kong November Feast (November)
Sports & outdoors	<ul style="list-style-type: none"> • Hong Kong Sevens (April) • Hong Kong Cyclothon (October) • Hong Kong Tennis Open (October) • Great Outdoors Hong Kong (November to March 2018) • The FIA Formula E– Hong Kong ePrix (December (tentative)) • Hong Kong Open (golf) (December) • Hong Kong International Races (horseracing) (December) • Hong Kong Marathon (January 2018)
Arts & culture	<ul style="list-style-type: none"> • Hong Kong Book Fair (July) • Ani-Com & Games Hong Kong (July to August) • Clockenflap Hong Kong Music & Arts Festival (November)

Tourism strength(s) to be highlighted	Mega Events (Tentative Time)
	<ul style="list-style-type: none"> • Fête des Lumières (December (tentative)) • Hong Kong Arts Festival (March 2018) • Hong Kong Arts Month (March 2018) • Art Basel Hong Kong (March 2018) • Art Central (March 2018)

Enhance service quality to reinforce the city's image as a world-class travel destination

48. In 2017-18, the HKTB will continue to support local merchants to enhance their service standards and further expand the coverage of its visitor service. Related initiatives are as follows:

(A) Quality Tourism Services Scheme

- (i) The Quality Tourism Services (QTS) Scheme encourages merchants to raise their service standards. In December 2016, the Scheme had around 1,240 merchant members, covering over 8,100 retail and dining outlets as well as visitor accommodation. In 2017-18, the HKTB will expand the Scheme by acquiring new members, targeting merchants and shops that are popular among tourists.
- (ii) To raise visitors' awareness of the Scheme, the HKTB will step up promotion through advertising, digital marketing and public relations in the Mainland. The HKTB will also continue to help members of the Scheme gain greater exposure by promoting their visitor offers through strategic partnership with popular online platforms in the Mainland, including transaction platform Alipay, consumer review website Dianping and travel website Fliggy.com.
- (iii) The HKTB will also raise visitors' awareness of the Scheme and create business opportunities for participating merchants by collaborating with the Quality Tourism Services Association to roll out attractive visitor offers leveraging HKTB's various events and platforms.

(B) Visitor enquiry service

- (i) In late 2013, the HKTB set up a hotline dedicated to assisting the concierge of hotels and large shopping malls in Hong Kong in answering enquiries from visitors. By the end of 2016, 85 hotels, six

QTS-accredited accommodation providers, eight shopping malls, nine QTS-accredited department stores and seven tourist attractions had subscribed to the hotline service. In the coming year, the HKTB will expand the hotline service to cover more local hotels and major MTR stations.

- (ii) To catch up with the trend of free and independent travel, the HKTB launched a pilot mobile chat service through a popular messaging application in 2016 to help visitors plan their itinerary on the go. In 2017-18, the HKTB will continue to expand the service to include a real-time chat function on the website for visitors around the world to make enquiries to the HKTB staff and receive instant assistance.
- (iii) Since 2009, the HKTB has been running the “Hong Kong Pals” programme, under which local volunteers are invited to serve as ambassadors at visitor centres and mega events to offer assistance to visitors as local insiders, and to showcase the hospitality of locals. In 2017-18, the HKTB will continue to run this programme.

Focus 3: Strengthen trade support and generate new business opportunities through partnership

Foster closer collaboration to create business opportunities

49. In face of an uncertain global economy, fluctuating exchange rates and other macro-economic factors, Hong Kong’s inbound tourism and related trade will continue to face a challenging business environment in 2017. To open up business opportunities for its trade partners, the HKTB will continue to work with them closely on promotions in visitor source markets in 2017-18.

50. In 2017-18, the HKTB will take part in 38 travel trade events held in various source markets. These events, including consumer shows, large-scale trade shows, cruise trade shows, MICE travel shows, travel missions and networking events, help open up business opportunities and facilitate exchanges between the local and overseas travel trade. The HKTB also considers initiatives, such as continuing its fee waiver for local travel trade joining these events to encourage participation.

51. To enhance overseas travel trade and MICE partners’ understanding of Hong Kong’s tourism appeal and its latest facilities for leisure and MICE travel, the HKTB will organise 38 familiarisation tours for the overseas travel trade in 2017-18 and invite them to experience the latest offerings developed under the New Tour Product Development Scheme. The HKTB will also organise

networking events for local and overseas trade to strengthen their ties and explore business opportunities.

Step up promotion to attract families and the young segment

52. To step up our promotion of Hong Kong as a preferred travel destination for families and young travellers, the HKTB partnered with travel agents, airlines, local attractions and hotels to roll out special tour products in the Mainland and short-haul markets, including Taiwan, South Korea and Southeast Asia in 2016-17. These offers were launched to coincide with school holidays and included discounts for air tickets, accommodation of accompanying children and entry fees to attractions. The promotion received enthusiastic support from over 110 local and overseas trade partners throughout the year. In 2017-18, the HKTB will continue to run this promotion and plans to collaborate with trade partners from more industries such as retail and catering to roll out a wider range of offers.

53. In 2017-18, the HKTB will continue to engage the young segment by collaborating with various trade partners to roll out special tour products, including deals on air tickets, hotel accommodation as well as admission to attractions and mega events, in the hope of encouraging young travellers to spend their short breaks in Hong Kong. In addition to working closely with the local travel trade, hotels and airlines to boost their promotions in the Mainland and various short-haul markets, the HKTB will also start collaborating with more retail and catering partners to enhance the attractiveness of the promotions and create business opportunities for related industries.

54. With the rapid rise of budget flights in the region, the HKTB will strengthen partnership with local and regional low-cost carriers to attract more free and independent travellers from the short-haul markets.

Leverage online platforms in the Mainland to boost sales

55. As online shopping is very common in the Mainland, the HKTB has been running the “Hong Kong Value Offer” app on popular transaction platform Alipay, consumer review website Dianping and group buying website Meituan for the past two years, enabling over 200 million Mainland consumers to download deals offered by the local travel and related trade.

56. In 2017-18, the HKTB will expand its partnership with Fliggy.com and set up a dedicated Hong Kong page to consolidate and promote tour products and special offers provided by the local travel and related trade to the travel website’s over 250 million subscribers.

57. In addition, the HKTB will stimulate Mainland visitors’ spending in Hong Kong by promoting deals offered by local merchants through major online sales and transaction platforms in the Mainland, including Tmall, Taobao, Alipay and Fliggy.com. The HKTB will also collaborate with Fliggy.com to entice spending by sending travellers push notifications, through a mobile application, of the offers provided by different QTS-accredited merchants in the vicinity based on their current location.

Support local travel trade to develop new tour products

58. In order to enrich visitors’ experience in town, in 2012-13, the HKTB launched the “New Tour Product Development Scheme”⁵, which aims at encouraging local travel trade to develop new creative 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, covering the following themes:

Themes for 2017-18	
<ul style="list-style-type: none"> • HKTB mega events • Wine and dine • Multi-destination • Cruise excursions • Products customised for new markets • Night tours (key focus) 	<ul style="list-style-type: none"> • Luxury • Heritage • Arts and culture (key focus) • Local living culture • Green tourism (key focus)

59. The HKTB will continue to promote the latest tour products developed under the “New Tour Product Development Scheme” 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 raise awareness of these tour products internationally so as to attract more visitors to explore the dynamic experiences Hong Kong offers.

Further enhance user experience on PartnerNet

60. In 2012, the HKTB re-launched its PartnerNet website, an all-in-one interactive platform, to provide trade partners with the latest information and facilitate them on business building. As of today, 14 market versions in eight languages have been launched.

⁵ Under the New Tour Product Development Scheme, successful applicants, selected by an evaluation panel, will receive dollar-for-dollar subsidies from the HKTB, amounting to no more than HK\$500,000, for one to three years for marketing the approved products.

61. In 2017-18, the HKTB will continue to improve the features of the PartnerNet website so as to enhance user experience. It plans to increase the amount of graphical presentation of statistics and hotel information for the travel trade's easier reference, and add a real-time chat function to the website to provide users with instant assistance. In addition, the HKTB will introduce a membership privilege programme to the website's "Hong Kong Specialist" initiative to give qualified trade partners priority in attending trade networking events and experiencing brand-new tour products.

Reinforce Hong Kong's hub position in multi-destination travel

62. In 2017-18, the HKTB will continue to strengthen its partnership with destinations in the Pearl River Delta to promote multi-destination itineraries and products featuring Hong Kong to overseas consumers, so as to consolidate the city's position as the travel hub in the region. Meanwhile, the HKTB will explore opportunities brought about by the "Belt and Road" policy and the completion of large-scale infrastructures, including the Hong Kong-Zhuhai-Macao Bridge and Guangzhou-Shenzhen-Hong Kong Express Rail Link Hong Kong Section, and actively seek partnership with neighbouring destinations to pave way for further driving multi-destination tourism. The key initiatives are as follows:

(A) Collaboration with Guangdong and Macau

- (i) Work with Guangdong Province and the Macao Government Tourism Office (MGTO) to promote multi-destination itineraries featuring the combined travel experiences offered by the three destinations to overseas trade and consumers through the Guangdong, Hong Kong and Macau Tourism Marketing Organisation.
- (ii) Raise overseas trade's awareness of the tourism appeal in the Pearl River Delta, its rapid development in transport and infrastructure, and the convenience in obtaining a visa to the Mainland.
- (iii) Continue to roll out joint promotions with MGTO in long-haul markets, such as the UK, the US and Australia, potential short-haul markets, including Southeast Asia, Japan and South Korea, as well as India, a new market, to promote multi-destination itineraries and products featuring both destinations.

(B) Collaboration with Zhuhai

Strengthen ties with the Zhuhai Municipal Bureau of Culture, Sports and Tourism and MGTO to market multi-destination travel through joint promotions in source markets such as Southeast Asia and India.

(C) Collaboration with other travel destinations

Strengthen its collaboration with other travel destinations, such as partnering with the Taiwan Tourism Bureau and the Tourism Authority of Thailand to jointly promote multi-destination itineraries featuring all three destinations to consumers in the US & Canada, and Russia respectively, so as to draw more international visitors to Hong Kong and the region.

Focus 4: Promote MICE and cruise tourism

Actively bring MICE events to Hong Kong

63. One of the HKTB's main focuses is to promote MICE tourism. In 2017-18, the HKTB will continue to adopt tailored strategies for the various MICE segments to attract more high-spending MICE visitors to Hong Kong. It will also provide MICE organisers and visitors with customised support and attractive offers to bring in international MICE events of different scales, thereby consolidating Hong Kong's image as the world's meeting place.

64. The HKTB will continue to support and subsidise its trade partners to bid for more strategic and large-scale conventions, and attract more small- and medium-sized meetings and incentive travel tours to Hong Kong. The HKTB will also continue its fee waiver for local trade participating in trade shows, travel missions and networking events overseas.

65. The HKTB's key strategies for the various MICE segments in 2017-18 are as follows:

(A) Meetings and incentive travel

- (i) Focus its promotional efforts on such markets as the Mainland, India, Indonesia, Southeast Asia and the US, and reach out to selected strategic sectors, namely the direct selling, insurance and finance, information technology, manufacturing and pharmaceutical sectors.
- (ii) Participate 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 MICE event organisers.

- (iii) Through an award programme, motivate MICE event organisers to promote Hong Kong as the ideal destination for meetings and incentive trips to their corporate clients.
- (iv) Showcase the latest offerings, MICE venues and unique appeal of Hong Kong as a MICE and travel destination by organising familiarisation tours and travel missions for MICE event organisers.

(B) Conventions

- (i) Focus its resources on Europe and the US, where most of the professional associations are headquartered, and reach out to six strategic sectors, namely science, medical science, engineering, social science, technology and commerce, to bring large-scale or major conventions to Hong Kong.
- (ii) Form strategic partnerships with professional associations and professional conference organisers in Europe and the US, and proactively reach out to and persuade their members to choose Hong Kong for large-scale conferences and smaller-scale, recurrent business conferences.
- (iii) Participate in international MICE trade shows in Europe and the US, such as IMEX, together with the local trade, and strengthen their connection with professional conference organisers and promote Hong Kong's appeal to these event organisers through different networking activities held at these trade shows.
- (iv) Strengthen its connection with professional associations in the Mainland and their corresponding local chapters in Hong Kong, and organise 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.

(C) Exhibitions

- (i) Showcase Hong Kong's core strengths at international industry events with key partners from the local exhibition sector, uphold the city's image as Asia's fair capital, and strengthen collaboration with the two main exhibition venues in Hong Kong to attract more small- and medium-sized exhibitions to the city.

- (ii) Offer exhibition organisers marketing support and work 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.

Strengthen Hong Kong's image as Asia's cruise hub

66. In 2017-18, the HKTB will continue to promote Hong Kong's appeal as a cruise destination and raise the city's profile as Asia's cruise hub at large-scale international industry events, including Seatrade Cruise Global, the world's biggest cruise conference and exhibition, whose 2017 edition will be held in March in Florida, the US.

Encourage cruise lines to add Hong Kong into their cruises' itineraries

67. The HKTB will strengthen its ties with the management of major cruise lines, especially those that are interested in developing their Asian market, and encourage them to add Hong Kong into their cruises' itineraries by raising their awareness of Hong Kong's appeal, market potential and latest offerings as the Asia's cruise hub.

68. In 2014, the HKTB and the Taiwan Tourism Bureau set up the Asia Cruise Fund, which aims at promoting co-operation among ports in the region and the development of Asian cruise tourism by pooling resources to subsidise cruise lines in developing and marketing cruise products featuring the member ports. The participation of Hainan, the Philippines and Xiamen has further bolstered the strategic alliance, which was subsequently elevated into the Asia Cruise Cooperation (ACC) to better reflect its commitment to the growth of cruise tourism in Asia.

69. In 2017-18, the HKTB will strive to expand the ACC by recruiting more member ports. In addition to encouraging cruise lines to include member ports of the ACC into their cruises' itineraries, the HKTB also plans to proactively reach out to consumers in key source markets through joint promotions to attract consumers to choose cruise products featuring the member ports, especially Hong Kong.

Raise consumer awareness of and demand for cruise travel

70. When planning the deployment of their cruises, cruise lines usually consider the market potential and scale of the ports. In 2017-18, the HKTB will promote the appeal of cruise travel to consumers in selected source markets, including South and West China, India, as well as short-haul markets such as

Taiwan, Southeast Asia, Japan and South Korea, through digital marketing, social media, public relations initiatives and other channels, so as to raise consumers' interests in and demand for such tours, thereby enhancing the prospect of Hong Kong's cruise market.

Focus 5: Strengthen corporate governance

Setting objectives

71. While carrying out its work in visitor source markets, the HKTB strives to enhance its corporate governance continuously by regularly conducting audits and reviews of its financial policies and procedures to ascertain compliance and ensure stringent internal controls. It also identifies areas for improvement and enhances its accountability through consultation with academics and other stakeholders. To ensure the effective use of public resources, the HKTB has drawn up a set of objectives for measuring the effectiveness of its promotions based on the strategic focuses of 2017-18.

72. Given that the global economic and tourism environments are volatile, the HKTB will review regularly the developments and its investments in individual source markets, and flexibly adjust its investments and strategies when required after consulting the Board with a view to responding to contingencies and changes in macro market environment.

Cost management

73. The HKTB's projected marketing budget for the Mainland, overseas markets and the Head Office in 2017-18 is approximately HK\$398.11 million, of which about HK\$155.09 million (approximate 39%) will be allocated to promotions by its Worldwide Offices.

74. The remaining portion of the budget, which is around HK\$243.01 million, will be used mainly by the Head Office for global and regional promotions, and for implementing mega events and other initiatives, such as marketing of the QTS Scheme and providing visitor information and service in Hong Kong. Attachment IV sets out the detailed breakdown.

75. The HKTB will continue to exercise caution in investing its marketing resources and vigorously control costs. Currently, the HKTB has a worldwide network of 15 offices and representatives in six markets. In 2017-18, the headcount of the HKTB in its Head Office and Worldwide Offices will be maintained as 377.

Finding new sources of income

76. In addition to enhancing its promotional activities through innovative and cost-effective methods, the HKTB will continue to solicit sponsorship for its mega events and other promotions, as well as maintain the revenue from advertising on its websites and in its publications.

77. The HKTB has an established mechanism for seeking sponsorship for mega events. In addition, after staging each mega event, the HKTB immediately follows up with the sponsoring organisations and discusses further co-operation, with the objective of securing sponsorship agreements lasting more than one year. The HKTB has already started discussions with different organisations on sponsorship for the mega events in 2017-18. The HKTB aims to generate around HK\$49.9 million in cash sponsorship and other commercial sponsorship income in 2017-18. In the event that the HKTB is unable to identify suitable sponsors before the promotion of a mega event starts, it will kick-start the contingency mechanism and consult the Board and its Product and Event Committee regarding alternative strategies.

CONCLUSION

78. In conclusion, the HKTB will continue to invest according to its market prioritisation model and flexibly deploy its resources to maintain a diverse visitor portfolio. In 2017-18, the HKTB will concentrate on drawing overnight visitors to maximise the economic benefits brought by tourism. In addition, the HKTB will continue to grow its MICE and cruise businesses to expand the consumer base and attract more high-yield visitors.

79. The HKTB considers that the tourism industry is still undergoing consolidation and will continue to be affected by various external factors. While 2017 is expected to be a year with plenty of challenges, the HKTB believes that Hong Kong's tourism industry still enjoys ample advantages and opportunities. The HKTB will strive to work closely with the travel trade to attract more overnight visitors and promote business growth by undertaking various promotion initiatives locally and in its source markets. In addition to showcasing the city's unique range of travel experiences, the HKTB will also join hands with the travel trade to provide visitors with quality tourism service so as to maintain Hong Kong's long-term competitive edge and uphold its image as a preferred travel destination.

Hong Kong Tourism Board
February 2017

2016 Visitor Arrivals by Market

('000)	2016	2015	2016 vs. 2015
The US	1,212	1,181	+2.6%
Canada	369	358	+3.0%
Central and South Americas	192	189	+2.0%
Europe	1,905	1,829	+4.1%
The UK	552	530	+4.2%
The Netherlands	96	92	+4.5%
Nordic Countries	142	124	+14.4%
Germany	227	214	+6.0%
France	214	210	+1.8%
Italy	105	108	-2.5%
Iberia	92	85	+7.8%
Russia	143	151	-5.8%
Europe Others	335	316	+6.1%
South Africa	66	71	-7.0%
Africa Others	79	86	-8.2%
The Middle East	176	180	-2.3%
GCC Markets	50	49	+1.9%
Non-GCC Markets	126	131	-3.9%
Australia	576	574	+0.3%
New Zealand	97	96	+1.2%
South Pacific Others	11	11	+1.3%
Japan	1,092	1,049	+4.1%
South Korea	1,392	1,243	+12.0%
Southeast Asia	3,164	2,966	+6.7%
Indonesia	464	414	+12.3%
Malaysia	536	545	-1.7%
The Philippines	791	704	+12.4%
Singapore	674	675	-0.2%
Thailand	595	529	+12.3%
Vietnam	59	59	+0.8%
SEA Others	45	40	+12.9%
India	481	532	-9.6%
Other Asian & Indian Sub.	57	62	-7.4%
Taiwan	2,011	2,016	-0.2%
Macau SAR	995	1,021	-2.6%
The Mainland	42,778	45,842	-6.7%
Non-Guangdong	10,107	10,625	-4.9%
Guangdong	32,671	35,218	-7.2%
Total	56,655	59,308	-4.5%

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

2017-18 Proposed Marketing Budget

	2017-18 Proposed Budget (HK\$M)	2016-17 Revised Estimates (HK\$M)
<i>The Mainland</i>	37.5	106.2
South China	11.3	31.9
Non-Guangdong	3.8	11.1
Guangdong	7.5	20.8
Central China	9.4	21.2
East China	5.5	23.2
North China	11.4	30.0
<i>Short-haul Markets</i>	59.0	106.2
Japan	12.0	16.8
Taiwan	12.2	17.5
South Korea	14.8	20.5
Singapore	2.0	8.6
The Philippines	7.0	13.6
Malaysia	3.0	9.1
Indonesia	3.0	8.6
Thailand	5.1	11.5
<i>Long-haul Markets</i>	43.5	44.0
The US	15.1	15.1
Australia	9.0	9.1
The UK	7.9	9.0
Canada	4.0	3.2
Germany	4.8	4.8
France	2.8	2.9
<i>New Markets</i>	15.1	23.0
India	10.0	18.1
Russia	3.2	3.2
The GCC Markets	1.3	1.3
Vietnam	0.4	0.3
The Netherlands	0.3	0.2
Total Marketing Budget for Source Markets	155.1	279.4
Total Marketing Budget for Head Office	243.0	292.8
Total Proposed Marketing Budget	398.1#	572.2*

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

#This amount includes the additional fund (HK\$70 million) earmarked for the events and promotions held to celebrate the 20th anniversary of the establishment of the HKSAR. However, the amount does not include the

additional fund (around HK\$82 million) as stated in the Policy Address for supporting the HKTB's enhanced promotion of mega events, launch of light shows, enhancement of "A Symphony of Lights", strengthened promotion of MICE tourism, and any other additional fund that might be allocated by the Government during the year.

*The revised estimates include the additional funding of approximately HK\$222 million from the 2016-17 Budget announced in February 2016 for rolling out various measures to support the development of tourism.

Marketing, digital marketing and PR awards won by the HKTB in 2016

Category	Initiative	Award
Marketing	Hong Kong Summer Fun Campaign	<ul style="list-style-type: none"> Astrid Awards 2016: “Best of Campaigns”; Gold Award in the Campaigns category; Bronze Award in the Promotion category
	“Happy@HongKong Super Jetso” Campaign	<ul style="list-style-type: none"> Astrid Awards 2016: Gold Award in the Video – DVD & Online: Tourism category
	Hong Kong New Year Countdown Celebrations	<ul style="list-style-type: none"> PATA Grand Awards 2016: Grand Award in the Marketing category Galaxy Awards 2016: Bronze Award in the Promotion: Special Project category iNOVA Awards 2016: Gold Award in the Social Media category W3 Awards 2016: Silver Award in the Social Content & Marketing – Events category
	“Event Capital of Asia” Campaign	<ul style="list-style-type: none"> Galaxy Awards 2016: Gold Award in the Advertising: Multi-Media Campaign category
	“I Never Knew” Campaign	<ul style="list-style-type: none"> Marketing Excellence Awards 2016: Gold Award in the Travel and Hospitality Marketing category
Digital Marketing	Discover Hong Kong Facebook Fan Page	<ul style="list-style-type: none"> 2015/16 Mercury Award: Silver Award in the Social Media: Facebook category PATA Grand Awards 2016: Gold Award in the Marketing Media – Social Media category Galaxy Awards 2016: Bronze Award in the Mobile Media: Facebook Page category iNOVA Awards 2016: Gold Award in the Marketing: Facebook category
	The HKTB Social Media Platforms	<ul style="list-style-type: none"> 2015/16 Mercury Awards: Bronze Award in the Social Media: Social Media Platforms category
	“Hong Kong Insider’s Guide” Project	<ul style="list-style-type: none"> 2015/16 Mercury Awards: Bronze Award in the Websites/Emerging Media: Travel/Destination category Mob-Ex Awards 2016 : Bronze Award in the Best Campaign for Tablets category

Category	Initiative	Award
	The HKTB's website DiscoverHongKong.com	<ul style="list-style-type: none"> • 2015/16 Mercury Awards: Bronze Award in the Websites/Emerging Media: Redesign / Relaunch / Media category • Web Accessibility Recognition Scheme 2016: Silver Award • Quester Awards 2016: Bronze Award in the Mobile Media: Mobile Sites category • Galaxy Awards 2016: Silver Award in the Mobile Media: Mobile Website category • iNOVA Awards 2016 : Silver Award in the Corporate Website: Travel/Tourism category
	"My Hong Kong Guide" Mobile Application	<ul style="list-style-type: none"> • "Best m-Government Service Award", organised by the United Arab Emirates government, in the International— Tourism category
	Discover Hong Kong Instagram	<ul style="list-style-type: none"> • Galaxy Awards 2016: Bronze Award in the Mobile Media: Social Media category • iNOVA Awards 2016: Silver Award in the Social Media category
	"Hong Kong Wine & Dine Festival" Website	<ul style="list-style-type: none"> • iNOVA Awards 2016: Bronze Award in the Corporate Website: Events category
PR	"Hong Kong Sevens Bar Tram" Campaign	<ul style="list-style-type: none"> • Galaxy Awards 2016: Honours Award in the Special Events: Publicity category

**2017-18 Proposed Marketing Budget
(By Strategic Focus)**

Strategic Focus	Head Office (HK\$M)	Worldwide Offices (HK\$M)	Total (HK\$M)	2016-17 Revised Estimates (HK\$M)
1. Consolidate “Hong Kong · Asia’s world city” brand and step up public relations promotions	18.3	36.0	54.3	83.9
2. Intensify digital marketing	26.6	38.0	64.5	128.0
3. Strengthen the appeal of mega events	122.5	11.0	133.5	155.8
4. Promote Hong Kong as the hub for multi-destination travel in the region	1.2	1.5	2.7	2.9
5. Drive MICE business	19.4	15.6	34.9	51.0
6. Build cruise demand	12.1	3.4	15.5	25.2
7. Strengthen trade support and partnerships	11.4	38.0	49.4	71.7
8. Maintain quality service	12.5	-	12.5	24.3
9. Uphold corporate governance <i>(Includes resource management, financial management, application of information technology, visitor surveys and strategic planning)</i>	19.0	6.8	25.8	23.7
10. Others	-	4.8	4.8	5.8
Grand Total	243.0	155.1	398.1#	572.2*

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

#This amount includes the additional fund (HK\$70 million) earmarked for the events and promotions held to celebrate the 20th anniversary of the establishment of the HKSAR. However, the amount does not include the additional fund (around HK\$82 million) as stated in the Policy Address for supporting the HKTb’s enhanced promotion of mega events, launch of light shows, enhancement of “A Symphony of Lights”, strengthened promotion of MICE tourism, and any other additional fund that might be allocated by the Government during the year.

*The revised estimates include the additional funding of approximately HK\$222 million from the 2016-17 Budget announced in February 2016 for rolling out various measures to support the development of tourism.