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Replies to initial written questions raised by Finance Committee Members in examining the Estimates of Expenditure 2018-19

Director of Bureau : Secretary for Commerce and Economic Development

Session No. : 11

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CEDB(CIT)255	0633	SHIU Ka-fai	33	(1) Tourism and Recreational Development
CEDB(CIT)256	5311	TAM Man-ho, Jeremy	33	(1) Tourism and Recreational Development
CEDB(CIT)257	3544	WU Chi-wai	33	(1) Tourism and Recreational Development
CEDB(CIT)258	0596	CHAN Chun-ying	78	(2) Protection of Intellectual Property
CEDB(CIT)259	0618	CHUNG Kwok-pan	78	(2) Protection of Intellectual Property
CEDB(CIT)260	2201	MA Fung-kwok	78	(2) Protection of Intellectual Property
CEDB(CIT)261	5132	CHAN Chi-chuen	79	(-) Investment Promotion
CEDB(CIT)262	0597	CHAN Chun-ying	79	(-) Investment Promotion
CEDB(CIT)263	1074	CHAN Kin-por	79	(-) Investment Promotion
CEDB(CIT)264	1075	CHAN Kin-por	79	(-) Investment Promotion
CEDB(CIT)265	1076	CHAN Kin-por	79	(-) Investment Promotion
CEDB(CIT)266	0165	CHUNG Kwok-pan	79	(-) Investment Promotion
CEDB(CIT)267	0391	CHUNG Kwok-pan	79	(-) Investment Promotion
CEDB(CIT)268	0393	CHUNG Kwok-pan	79	(-) Investment Promotion
CEDB(CIT)269	5946	KWOK Wing-hang, Dennis	79	(-) Investment Promotion
CEDB(CIT)270	3193	LAM Kin-fung, Jeffrey	79	(-) Investment Promotion
CEDB(CIT)271	5758	MOK Charles Peter	79	(-) Investment Promotion
CEDB(CIT)272	1724	TAM Man-ho, Jeremy	79	(-) Investment Promotion
CEDB(CIT)273	0539	WONG Ting-kwong	79	(-) Investment Promotion
CEDB(CIT)274	0540	WONG Ting-kwong	79	(-) Investment Promotion
CEDB(CIT)275	3574	WU Chi-wai	79	(-) Investment Promotion

Reply Serial No.	Question Serial No.	Name of Member	Head	Programme
CEDB(CIT)276	3631	CHAN Chi-chuen	168	(1) Weather Services
CEDB(CIT)277	3664	CHAN Chi-chuen	168	(3) Time Standard and Geophysical Services
CEDB(CIT)278	3757	CHAN Chi-chuen	168	(3) Time Standard and Geophysical Services
CEDB(CIT)279	5620	CHAN Tanya	168	(1) Weather Services
CEDB(CIT)280	5622	CHAN Tanya	168	(3) Time Standard and Geophysical Services
CEDB(CIT)281	0760	HO Chun-yin, Steven	168	(1) Weather Services
CEDB(CIT)282	4160	LEUNG Yiu-chung	168	(-) -
CEDB(CIT)283	5473	QUAT Elizabeth	168	(3) Time Standard and Geophysical Services
CEDB(CIT)284	0593	CHAN Chun-ying	181	(3) Support for Small and Medium Enterprises and Industries
CEDB(CIT)285	1844	CHAN Han-pan	181	(3) Support for Small and Medium Enterprises and Industries
CEDB(CIT)286	0726	CHAN Tanya	181	(2) Trade Support and Facilitation
CEDB(CIT)287	2512	CHEUNG Kwok-kwan	181	(2) Trade Support and Facilitation
CEDB(CIT)288	0164	CHUNG Kwok-pan	181	(3) Support for Small and Medium Enterprises and Industries
CEDB(CIT)289	0170	CHUNG Kwok-pan	181	(3) Support for Small and Medium Enterprises and Industries
CEDB(CIT)290	0178	CHUNG Kwok-pan	181	(1) Commercial Relations
CEDB(CIT)291	0179	CHUNG Kwok-pan	181	(2) Trade Support and Facilitation
CEDB(CIT)292	0182	CHUNG Kwok-pan	181	(3) Support for Small and Medium Enterprises and Industries
CEDB(CIT)293	0614	CHUNG Kwok-pan	181	(3) Support for Small and Medium Enterprises and Industries
CEDB(CIT)294	0621	CHUNG Kwok-pan	181	(3) Support for Small and Medium Enterprises and Industries
CEDB(CIT)295	2866	HO Kai-ming	181	(3) Support for Small and Medium Enterprises and Industries
CEDB(CIT)296	2867	HO Kai-ming	181	(3) Support for Small and Medium Enterprises and Industries

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CEDB(CIT)297	4170	LEUNG Yiu-chung	181	(-) -
CEDB(CIT)298	0693	NG Wing-ka, Jimmy	181	(3) Support for Small and Medium Enterprises and Industries
CEDB(CIT)299	0957	NG Wing-ka, Jimmy	181	(3) Support for Small and Medium Enterprises and Industries
CEDB(CIT)300	0958	NG Wing-ka, Jimmy	181	(3) Support for Small and Medium Enterprises and Industries
CEDB(CIT)301	0959	NG Wing-ka, Jimmy	181	(3) Support for Small and Medium Enterprises and Industries
CEDB(CIT)302	5280	NG Wing-ka, Jimmy	181	(2) Trade Support and Facilitation
CEDB(CIT)303	1377	YIU Si-wing	181	(3) Support for Small and Medium Enterprises and Industries

CONTROLLING OFFICER'S REPLY

CEDB(CIT)001

(Question Serial No. 1581)

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 inform this Committee of the establishment, salary provision and operational expenses of the Belt and Road Office in 2018-19?

Asked by: Hon CHAN Chi-chuen (Member Question No. (LegCo use): 4)

Reply:

In 2018-19, the Belt and Road Office (BRO) plans to increase its total establishment to 21 (19 permanent and 2 time-limited posts), comprising 18 posts from the grades of Administrative Officer, Trade Officer, Executive Officer, Clerical and Personal Secretary etc., and proposed creation of 3 directorate officer posts. The estimated overall expenditure of BRO for 2018-19 is \$39.137 million, of which salaries accounts for \$19.144 million, and operating expenses for \$19.993 million.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)002

(Question Serial No. 1593)

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 Financial Secretary mentioned in paragraph 107 of his Budget Speech that “I will also allocate a total of \$310 million in the next few years to support the Ocean Park in developing education and tourism projects.” In this regard, will the Government inform this Committee whether funding approval will be sought from this Committee or the allocation is already included in this Budget? If the allocation is already included in this Budget, what is the estimated expenditure in 2018-19 for supporting the Ocean Park in developing education and tourism projects? Will such expenditure involve operational expenses or non-recurrent expenses?

Asked by: Hon CHAN Chi-chuen (Member Question No. (LegCo use): 18)

Reply:

The Financial Secretary announced in 2018-19 Budget that a total of \$310 million would be allocated in the next few years to support the Ocean Park in developing education tourism projects and staging a new 3D projection-cum-water light show with local elements. These two items are time-limited measures to be implemented in the coming 5 years (2018-19 to 2022-23), and the initial estimated expenditure for 2018-19 is \$26.3 million.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)003****(Question Serial No. 3630)**

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) with a breakdown by country, of the expenses allocated by the Hong Kong Tourism Board (HKTb) for promotion in different countries in 2017-18; and
- (2) with a breakdown by country, of the estimated expenses allocated by the HKTb for promotion in different countries in 2018-19?

Asked by: Hon CHAN Chi-chuen (Member Question No. (LegCo use): 69)

Reply:

In 2017-18 and 2018-19, the Hong Kong Tourism Board (HKTb) focuses its marketing resources on 20 key markets. The HKTb's revised estimates invested in key source markets in the above two financial years are listed below:

	2018-19 Proposed Budget# (HK\$ million)	2017-18 Revised Estimates* (HK\$ million)
<i>The Mainland</i>	<i>38.0</i>	<i>65.6</i>
South China	11.4	19.7
<i>Non-Guangdong</i>	3.8	6.6
<i>Guangdong</i>	7.6	13.1
Central China	8.7	16.4
East China	6.5	9.8
North China	11.4	19.7

	2018-19 Proposed Budget# (HK\$ million)	2017-18 Revised Estimates* (HK\$ million)
<i>Short-haul Markets</i>	<i>63.0</i>	<i>60.2</i>
Japan	12.4	13.3
Taiwan	12.2	12.1
South Korea	15.2	14.8
Singapore	2.3	2.0
The Philippines	7.3	6.6
Malaysia	2.7	3.4
Indonesia	5.5	3.0
Thailand	5.5	5.1
<i>Long-haul Markets</i>	<i>43.8</i>	<i>44.9</i>
The US	15.6	16.1
Australia	8.5	9.0
The UK	8.0	8.2
Canada	4.1	4.0
Germany	4.8	4.8
France	2.8	2.8
<i>New Markets</i>	<i>12.3</i>	<i>15.0</i>
India	7.5	9.9
Russia	3.0	3.1
The GCC Markets	0.9	1.3
Vietnam	0.5	0.4
The Netherlands	0.4	0.3
Total	157.1	185.7

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

This column only shows the recurrent funding that has been granted to the HKTb by the Government. However, this does not include the additional fund that has been earmarked to the HKTb in the Budget, which amounts to \$226 million in 2018-19. 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 \$238 million from the Government's Budget in 2017-18.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)004

(Question Serial No. 3646)

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:

Among Matters Requiring Special Attention in 2018-19, the Administration mentioned that it will continue to ensure the smooth operation of the Post Office Trading Fund and improvement in customer service and productivity where appropriate. However, the serious problem of unpaid mails over the past years have led to a wastage of the resources of the Hongkong Post and caused negative impact on the productivity of the Hongkong Post. In this connection, will the Government advise this Committee of:

1. the numbers of underpaid mails each month between April 2015 and 28 February 2018 in the form of a table;
2. the numbers of mails disposed of due to insufficient postage each month between April 2015 and 28 February 2018 in the form of a table;
3. the expenditure incurred for disposing of mails due to insufficient postage each month between 2015 and 2018 in the form of a table?

Asked by: Hon CHAN Chi-chuen (Member Question No. (LegCo use): 85)

Reply:

The number of underpaid mail items from 2015-16 to 2017-18 (up to 28 February 2018) is as follows –

Month	2015-16	2016-17	2017-18 (up to 28 February 2018)
April	13 918	79 395	43 794
May	13 580	61 623	55 170
June	15 912	55 293	57 870
July	34 967	69 295	49 545
August	52 769	66 071	47 300
September	36 469	64 051	45 425
October	35 045	57 420	38 784
November	38 391	56 518	43 167
December	43 220	54 963	42 624
January	85 768	44 032	101 849
February	72 753	41 041	70 908
March	74 850	48 633	-
Total	517 642	698 335	596 436

The number of uncollected underpaid mail items destroyed from 2015-16 to 2017-18 (up to 28 February 2018) is as follows –

Month	2015-16 (Note)	2016-17	2017-18 (up to 28 February 2018)
April	-	10 272	10 330
May	-	9 587	11 319
June	-	12 258	12 765
July	-	13 585	12 683
August	-	15 248	11 574
September	-	18 450	9 289
October	-	12 043	7 734
November	-	12 794	7 656
December	-	16 129	7 030
January	15 944	9 269	11 197
February	13 261	8 625	12 358
March	15 396	9 151	-
Total	44 601	147 411	113 935

Note: Concerned records were not maintained prior to 1.1.2016.

Hongkong Post all along destroys uncollected underpaid mail items together with other undeliverable mail items. No breakdown of the expenditure concerned for underpaid mail items is kept.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)005****(Question Serial No. 3739)**

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

Subhead (No. & title): (001) Salaries

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 tabulate the actual expenditure on the pay and gratuity of each politically accountable official of the Commerce and Economic Development Bureau (CEDB), including the Secretary for Commerce and Economic Development (SCED), the Under Secretary for Commerce and Economic Development and the Political Assistant to SCED for the past year.

	Pay	Gratuity
SCED		
Under Secretary for Commerce and Economic Development		
Political Assistant to SCED		

Please tabulate the estimated expenditure on the pay and gratuity of each politically accountable official of CEDB, including the SCED, the Under Secretary for Commerce and Economic Development and the Political Assistant to SCED for the coming year.

	Pay	Gratuity
SCED		
Under Secretary for Commerce and Economic Development		
Political Assistant to SCED		

Asked by: Hon CHAN Chi-chuen (Member Question No. (LegCo use): 237)

Reply:

In 2017-18, the actual expenditure on the salary and gratuity of the Secretary for Commerce and Economic Development (SCED), Under Secretary for Commerce and Economic Development (USCED) and Political Assistant (PA) to SCED is as follows -

	Salary	Gratuity
SCED	3.90 million	Nil
USCED ^{Note 1}	2.31 million	Nil
PA to SCED ^{Note 2}	0.90 million	Nil

^{Note 1} The position was vacant from 1 July to 1 August 2017.

^{Note 2} The position was vacant from 1 July to 31 August 2017.

For budgetary purpose, the provision reserved for the salary in respect of the positions of SCED, USCED and PA to SCED for 2018-19 is as follows -

	Salary	Gratuity
SCED	4.01 million	Nil
USCED	2.61 million	Nil
PA to SCED	1.00 million	Nil

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)006

(Question Serial No. 3752)

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 the Programme that the Government has collaborated with the Hong Kong Tourism Board and relevant parties to stage the revamped "A Symphony of Lights". In this regard, please specify the buildings currently participating in the show, and the number of buildings anticipated to take part in future.

There are opinions that while many of the buildings along the shores of the Victoria Harbour are installed with decorative lighting, the Central Government Complex in Tamar appears pitch-black without any lighting installation. Will the Government install any energy-saving lighting to the Complex to achieve a beautifying effect during nighttime, so as to synchronise with "A Symphony of Lights"?

Asked by: Hon CHAN Chi-chuen (Member Question No. (LegCo use): 250)

Reply:

In 2017-18, the Government provided an additional funding of \$100 million to the Hong Kong Tourism Board (HKTb) for launching light shows and updating "A Symphony of Lights" for three consecutive years (from 2017-18 to 2019-20) with a view to providing visitors with a new experience. In December 2017, the Tourism Commission and HKTb had rolled out an updated version of "A Symphony of Lights" through updating the lighting effects and music of the show.

At present, "A Symphony of Lights" show covers 40 public and private buildings on both sides of Victoria Harbour. New lighting fixtures of beam lights will be installed atop Central Government Offices. The tendering process for the installations is in progress. It is expected that the relevant works will be completed by mid-2018. In 2018-19, we anticipate that about eight buildings will participate in "A Symphony of Lights". The

Tourism Commission, in collaboration with the HKTB, will continue to update “A Symphony of Lights” with a view to enhancing the attractiveness of the show as well as uplifting Victoria Harbour’s night vista.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)007

(Question Serial No. 3754)

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 2 theme parks in Hong Kong have recorded a slackening of operating results. What measures does the Administration have in place to help the 2 parks attract more visitors from different places? Please tabulate the promotion activities and programmes carried out by the Administration and the expenditure involved for the 2 parks in different countries and places in the past 3 years. Meanwhile, do the 2 parks have any short, medium and long term measures and infrastructure development to increase the receiving capacity and attractiveness of the park areas?

What are the details and the present progress for the expansion plan of the Hong Kong Ocean Park and the Hong Kong Disneyland? What are the estimated numbers of rooms with a breakdown on room capacity to be provided by the new hotels? How many new job opportunities can be created upon completion? What is the target completion date of the projects?

Please provide the number of attendance of the two parks in the past 4 years. Please tabulate the number of visitors from Hong Kong, China, Taiwan, Japan, Korea, Europe and America, South East Asia and other overseas countries with respective percentages.

Asked by: Hon CHAN Chi-chuen (Member Question No. (LegCo use): 252)

Reply:

Information regarding the two theme parks of Hong Kong is as follows –

Attendance

The attendance of the Ocean Park and Hong Kong Disneyland Resort (HKDL) and the relevant breakdown based on origin of visitors in the past four fiscal years are as follows –

	Ocean Park²	Hong Kong Disneyland Resort³			
Fiscal Year¹	Attendance (million)	Attendance (million)	Local	Mainland	Non-Mainland
2017	5.8	6.2	41%	34%	25%
2016	6.0	6.1	39%	36%	25%
2015	7.4	6.8	39%	41%	20%
2014	7.6	7.5	32%	48%	20%

¹ The fiscal year of the Ocean Park starts on 1st July of each year until 30th June of the following year. The fiscal year of HKDL is generally a 52-week or 53-week period from October of the previous year to September of the current year, with the Saturday closest to 30th September as the last day of the fiscal year.

² The Ocean Park does not publish the breakdown of its attendance based on origin of visitors.

³ HKDL publishes its attendance breakdown based on three origins: local, Mainland and non-Mainland.

Marketing and Sales Promotion

The two theme parks have been carrying out marketing and sales promotion in key markets through various channels, and will continue to work closely with the Hong Kong Tourism Board (HKTb) and the tourism industry on promotions in different source markets, so as to stimulate attendance and business. Also, HKTb will continue to promote Hong Kong as a premier tourist destination to the international media, visitors and overseas travel trade through various channels including public relations, visitor centres, promotional materials, digital marketing and trade events, which will cover the appeal and latest facilities of the two theme parks. HKTb's marketing budgets for various source markets in the past three years are as follows –

(\$ million)	2015-16	2016-17	2017-18
Mainland China	40.0	106.2	65.6
Short-haul Markets	100.1	106.2	60.2
Japan	14.7	16.8	13.3
Taiwan	18.0	17.5	12.1
South Korea	20.0	20.5	14.8
Singapore	7.7	8.6	2.0
The Philippines	14.6	13.6	6.6
Malaysia	10.2	9.1	3.4
Indonesia	6.4	8.6	3.0
Thailand	8.4	11.5	5.1

(\$ million)	2015-16	2016-17	2017-18
Long-haul Markets	41.2	44.0	44.9
The US	14.6	15.1	16.1
Australia	8.4	9.1	9.0
The UK	7.4	9.0	8.2
Canada	3.2	3.2	4.0
Germany	4.5	4.8	4.8
France	3.1	2.9	2.8
New Markets	18.7	23.0	15.0
India	13.3	18.1	9.9
Russia	3.3	3.2	3.1
The GCC markets	1.7	1.3	1.3
Vietnam	0.3	0.3	0.4
The Netherlands	0.1	0.2	0.3
Total	200.0	279.4	185.7

Note: The total amount may differ from the sum of individual figures due to rounding.

Expansion Projects

Hong Kong Disneyland Resort

- Currently, HKDL is implementing a variety of projects under the expansion and development plan so that new attractions would be launched progressively from 2018 to 2023 for maintaining and refreshing HKDL's attractiveness. The first new attraction under the plan is the "Moana: A Homecoming Celebration" stage show to be launched at the entirely new outdoor venue at Adventureland in May 2018. Other new attractions coming on stream in the next few years include the transformed ride experience featuring "Marvel" super heroes, namely "Ant-Man" and "Wasp"; the expanded and transformed Castle; a "reimagined" project; as well as two new themed areas based on "Frozen" and "Marvel" respectively.
- It is estimated that the expansion and development plan would create about 3 450 jobs (in terms of man-year) during the construction stage, and another 600 jobs from the operation of HKDL after completion of the plan.

Ocean Park

- The Ocean Park is developing an all-weather indoor cum outdoor waterpark at Tai Shue Wan, which is expected to be completed in 2019. Based on the earlier assessment conducted by the Ocean Park Corporation's independent consultant, it is expected that the ongoing operation of the waterpark to the year 2048 will generate some 4 290 new jobs gradually.
- The first hotel, The Hong Kong Ocean Park Marriott Hotel, is expected to complete in 2018 and provide about 470 rooms.

- The second hotel, The Fullerton Ocean Park Hotel Hong Kong, is expected to complete in 2021 and will provide about 460 rooms.
- It is estimated that the two hotels will create a total of about 700 - 800 new jobs.
- Furthermore, we have announced in 2018-19 Budget that a total of \$310 million would be allocated in the next few years to support the Ocean Park in developing education tourism projects and staging a new 3D projection-cum-water light show with local elements.

The relevant staffing and expenditure of the Commerce and Economic Development Bureau to support the foregoing projects of the two theme parks have been subsumed within the establishment and provision of the Commerce, Industry and Tourism Branch, and it is difficult to quantify them separately.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)008

(Question Serial No. 3755)

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 completion of a number of theme parks, including the Shanghai Disney Resort, Shanghai Legoland and Beijing Universal Studio Park, in places close to Hong Kong in coming years will bring about competition to the 2 existing theme parks in Hong Kong. In this connection, do the Administration and the two theme parks have any measures to maintain Hong Kong's competitiveness in "park tourism"?

It is understood that the tender procedure of the Kai Tak Fantasy project planned for the Kai Tak Runway Tip has been completed. How many companies have submitted the tenders concerned? What are the types and scale of leisure facilities to be constructed?

Existing land in the Kai Tak Runway Tip, southern part of Ma Wan, as well as adjacent areas of Sunny Bay and Tai Ho Wan will be zoned for leisure and entertainment purpose. It is understood that some local consortiums plan to construct new theme parks in Hong Kong, including an amusement park based on the theme of Lai Yuen. Does the Administration have any further plan to invite local and international theme park companies to look for sites in Hong Kong for developing new parks?

Asked by: Hon CHAN Chi-chuen (Member Question No. (LegCo use): 252)

Reply:

The two theme parks in Hong Kong, the Hong Kong Disneyland Resort (HKDL) and the Ocean Park, each has its own characteristics with distinctive facilities and entertainment offerings. They have also been rolling out new initiatives to enhance their attractiveness.

HKDL continues to be committed to strengthening its appeal to guests from all over the world and locals through sustained efforts in enriching its attractions and entertainment offerings. Currently, HKDL is implementing a variety of projects under its expansion and

development plan so that new attractions would be launched progressively from 2018 to 2023, including the first new attraction “Moana: A Homecoming Celebration” stage show to be launched in May 2018. Other new attractions coming on stream in the next few years include the transformed ride experience featuring “Marvel” super heroes, namely “Ant-Man” and “Wasp”; the expanded and transformed Castle; a “reimagined” project; as well as two new themed areas based on “Frozen” and “Marvel” respectively.

The Ocean Park is developing an all-weather indoor cum outdoor waterpark at Tai Shue Wan, which is expected to be completed in 2019. The Park’s two hotels, namely The Hong Kong Ocean Park Marriott Hotel and The Fullerton Ocean Park Hotel Hong Kong, are scheduled for completion in 2018 and 2021 respectively.

The Tourism Node at the Kai Tak runway tip is one of the components of Kai Tak Fantasy. The Government is continuing to explore the Kai Tak Tourism Node project, and will announce the way forward of the project in due course once a decision is made on the project.

We will continue to explore with and provide assistance to interested international brands in introducing different types of tourist facilities into Hong Kong for enriching visitors’ experience.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)009****(Question Serial No. 3756)**

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 projects funded by the Government last year for supporting Hong Kong's travel industry and the expenditure involved. What are the respective figures on the visitors attracted to the various activities and mega events as well as the revenue generated? Which of these tourism projects are able to drive the sustainable development of the local travel industry?

Asked by: Hon CHAN Chi-chuen (Member Question No. (LegCo use): 254)

Reply:

In 2017-18, the Government supported the staging of mega events in Hong Kong through allocating funding to the Hong Kong Tourism Board (HKTB). Details of the events supported by the HKTB are as follows:

Project title	Funding ceiling (\$ million)	Number of participating visitors
Hong Kong Tennis Open	9	3 000 ^{Note}
Hong Kong Open	15	9 976 ^{Note}

Note : Expected numbers. The actual numbers will be confirmed after the HKTB has completed assessment of the evaluation reports as submitted by the event organisers.

In addition, the Government allocated \$93.3 million to implement the following work under the new strategy in 2017-18:

- (1) the Tourism Commission to provide “one-stop” support to large-scale commercial events with significant tourism merits (e.g. the FIA Formula E Hong Kong E-Prix), including enhancing the communication and cooperation among the organisers and the Government bureaux / departments;
- (2) to enhance four home-grown events (including the Hong Kong Dragon Boat Carnival, the Hong Kong Cyclothon, the Hong Kong Wine & Dine Festival and the Tai Hang Fire Dragon Dance) with a view to marketing them as signature events in Asia;
- (3) to support the marketing and publicity of international events with significant branding impact (including the Art Basel, the Hong Kong Sevens, the Hong Kong Tennis Open and the Hong Kong Open) to be held continuously in Hong Kong; and
- (4) to implement the Pilot Scheme for Characteristic Local Tourism Events for providing funding support for arts, cultural, festivals, dining or sports events with Hong Kong’s local characteristics and unique attributes.

Through the new strategy, events and activities of different scales and types could be supported according to their needs, and as a result Hong Kong will have a wide range of events and activities with local characteristics throughout the year to enhance our tourism appeal, attract more visitors to Hong Kong specifically for the events and activities or increase their length of stay, as well as to enrich visitors’ experience and strengthen Hong Kong’s status as an events capital of Asia.

- End -

CONTROLLING OFFICER'S REPLY

(Question Serial No. 3764)

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 heard that the operating environment of some participants of the Food Truck Pilot Scheme (the Scheme) is not satisfactory, and some of them have even withdrawn from the Scheme. What improvement plan does the Government have in enhancing their operating environment? What are the estimated manpower and expenditure earmarked by the Government for promoting the Scheme and boosting its popularity in the coming year?

Asked by: Hon CHAN Chi-chuen (Member Question No. (LegCo use): 262)

Reply:

Following the announcement of introduction of the Food Truck Pilot Scheme (the Scheme) in the Budget Speech of February 2016, the Scheme launched in February 2017. The Tourism Commission (TC) has set up a Food Truck Office to take forward the Scheme and provide one-stop services to food truck operators. The 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 HK\$9.735 million in 2018-19 for running the Scheme.

Since the launch of the Scheme, two operators withdrew from the Scheme on commercial considerations during the licence application process. Another operator subsequently withdrew from operation because he had disagreement with his business partner according to our understanding. As a business venture, it is natural that there is variation in the business performance among different food trucks. As at 4 February 2018, 3 food trucks recorded gross revenue between HK\$2 million and HK\$2.5 million, 7 between HK\$1.5 million and HK\$2 million, 3 between HK\$1 million and HK\$1.5 million, and a further two operating for a few months recorded gross revenue below HK\$1 million.

Besides, 3 food truck operators opened a brick-and-mortar shop by virtue of the experience and reputation gained from operating food trucks.

TC has rolled out various refinement measures since May 2017, which include-

- (1) introducing new operating venues (including AsiaWorld-Expo, Science Park, Hong Kong University of Science and Technology and Science Museum. It is also planned to introduce the Boxes as new operating venue in May 2018);
- (2) implementing day/night shift operating mode. Food truck could operate at Energizing Kowloon East Venue 1 in daytime and shift to operate in Tsim Sha Tsui Art Square in nighttime;
- (3) turning the 8 designated operating venues into optional venues (including Energizing Kowloon East Venue 1, Wong Tai Sin Square, Central Harbourfront Event Space, Ocean Park, Tsim Sha Tsui Art Square, Salisbury Garden, Hong Kong Disneyland and Golden Bauhinia Square). When the operators are scheduled to operate at the optional venues under the rotation mechanism, they can choose whether and when to operate on their own business consideration and are only required to the pay service fees on the operation days;
- (4) allowing more operating venues. If suitable venues are identified by the operators, and if the parking location will not cause obstruction to pedestrians and vehicles and the venue management allows the food trucks to operate at the venues with appropriate ancillary facilities, TC will follow up and take the matter into consideration; and
- (5) allowing food trucks' participation in self-identified events as long as the events are open to the public with publicity plans available and licences obtained. In general, for events with a temporary place of public entertainment licence granted by the Food and Environmental Hygiene Department, TC will consider favourably.

It can be seen that TC has been continuously providing appropriate relaxation for the Scheme to reduce restrictions and enhance operation flexibility in improving the operators' business environment.

Besides, TC always endeavours to carry out promotional activities for the Scheme, which include:

- (1) launching the mobile application "HK Food Truck" which provides information on food trucks and operating venues;
- (2) promoting the Scheme locally and overseas through Hong Kong Tourism Board;
- (3) inviting Hong Kong Hotels Association to distribute promotional flyers at hotels;
- (4) inviting Travel Industry Council of Hong Kong and Hong Kong Association of China Travel Organisers Limited to establish communication platform between the travel trade and food truck operators to facilitate their collaboration; and

- (5) arranging publicity of food trucks through postings by key opinion leaders on social media platforms, etc.

The manpower and expenditure on the promotion cum publicity have been subsumed within the establishment and provision of the Food Truck Office, and it is difficult to quantify them separately. TC also encourages food truck operators to make use of different social platform and media to publicise their food trucks and food products.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)011

(Question Serial No. 0572)

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 provision for 2018–19 under Programme (2) is \$341.3 million higher than the revised estimate for 2017–18, representing a substantial increase of 132.1%. According to the analysis on page 294 (of the Chinese version), it is mainly due to the increase in cash flow requirement for the SME Financing Guarantee Scheme. Please provide detailed explanations.

Asked by: Hon CHAN Chun-ying (Member Question No. (LegCo use): 5)

Reply:

Under the special concessionary measures of the SME Financing Guarantee Scheme (SFGS), 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. For 2018-19, there is an increase in the estimated cash flow requirement for the special concessionary measures under the SFGS, which accounts for \$277 million.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)012****(Question Serial No. 2638)**

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 Financial Secretary mentioned in paragraph 106 of the Budget Speech this year that promoting green tourism by enhancing supporting facilities at popular hiking trails and those with good tourism potentials is one of the four strategies set out in the Development Blueprint for Hong Kong's Tourism Industry. Please provide the relevant information in the table below:

Starting and end point of hiking trail	Details of additional supporting facilities required	Anticipated public consultation date	Estimated expenditure	Estimated number of staff required	Anticipated completion date of works
(e.g.) MacLehose Trail Sections 1 to 3					

Asked by: Hon CHAN Tanya (Member Question No. (LegCo use): 30)

Reply:

In order to promote green tourism, the Government has earmarked an annual funding of \$15 million from 2018-19 to 2022-23 to enhance the tourism supporting facilities of some popular hiking trails as well as those with tourism appeal potential within country parks. The proposed works mainly cover improvement to existing hiking trail network, control of soil erosion at the trails, enhancement of vegetation coverage, addition of lookout points and

enrichment of information boards, etc. In the first phase, the Government will enhance the supporting facilities of Dragon's Back (Shek O Country Park), Peak Trail (Pokfulam Country Park), Wu Kau Tang to Lai Chi Wo (Pat Sin Leng Country Park), Shing Mun Reservoir Walk (Shing Mun Country Park), MacLehose Trail Section 1 (Sai Kung East Country Park) and Lantau Trail Section 2 (Lantau South Country Park), etc. Details of the improvement works on individual trails are being worked out and the estimated expenditure of the works cannot be provided for the time being. The departments concerned will consult relevant stakeholders if necessary. Furthermore, the Government will enhance the relevant thematic website and mobile application to provide detailed information on hiking to enrich visitors' experience. The staffing for the project will be redeployed from the existing establishment of Agriculture, Fisheries and Conservation Department, and it is difficult to quantify the amount separately.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)013

(Question Serial No. 5582)

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 Government's promotion of green tourism by enhancing supporting facilities at popular hiking trails and those with good tourism potentials, as mentioned in paragraph 106 of the Budget Speech, what are the details, specific expenditure, timetable and number of staff to be involved in the implementation of the above plan? How does the Government ensure that existing ecological conditions will not be affected by the promotion of green tourism? Will the Government conduct an Environmental Impact Assessment and public consultation for each project?

Asked by: Hon CHAN Tanya (Member Question No. (LegCo use): 109)

Reply:

In order to promote green tourism, the Government has earmarked an annual funding of \$15 million from 2018-19 to 2022-23 to enhance the tourism supporting facilities of some popular hiking trails as well as those with tourism appeal potential within country parks. The proposed works mainly cover improvement to existing hiking trail network, control of soil erosion at the trails, enhancement of vegetation coverage, addition of lookout points, enrichment of information boards, etc. In the first phase, the Government will enhance the supporting facilities of Dragon's Back (Shek O Country Park), Peak Trail (Pokfulam Country Park), Wu Kau Tang to Lai Chi Wo (Pat Sin Leng Country Park), Shing Mun Reservoir Walk (Shing Mun Country Park), MacLehose Trail Section 1 (Sai Kung East Country Park) and Lantau Trail Section 2 (Lantau South Country Park), etc. Details of the improvement works on individual trails are being worked out and the estimated expenditure of the works cannot be provided for the time being. Furthermore, the Government will enhance the relevant thematic website and mobile application to provide detailed information on hiking to enrich visitors' experience. The staffing for the project will be

redeployed from the existing establishment of Agriculture, Fisheries and Conservation Department (AFCD), and it is difficult to quantify the amount separately.

The proposed enhancement works above are relatively small in scale. AFCD will consider the potential impact on the environment during site selection and finalising the details of each proposal, in order to avoid or minimise the potential ecological impact of the enhancement works on country parks. The departments concerned will consult relevant stakeholders if necessary and implement the enhancement works according to established procedures.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)014****(Question Serial No. 5583)**

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 107 of the Budget Speech that the Financial Secretary will also allocate a total of \$310 million in the next few years to support the Ocean Park in developing education and tourism projects. For the benefits of local students, the Ocean Park will distribute 10 000 complimentary admission tickets to primary and secondary school students in the coming year. What are the details, specific expenditure, timetable and number of staff to be involved for taking forward the above plan? What specific criteria will be adopted by the Ocean Park for selecting primary and secondary school students to be benefited to ensure that they can acquire knowledge under such education and tourism projects? Why is it a travel and tourism initiative, instead of an educational one?

Asked by: Hon CHAN Tanya (Member Question No. (LegCo use): 110)

Reply:

We announced in the 2018-19 Budget that a total of \$310 million would be allocated in the next few years to support the Ocean Park in developing education tourism projects and staging a new 3D projection-cum-water light show with local elements. These two items are time-limited measures to be implemented in the coming 5 years (2018-19 to 2022-23). The initial estimated annual expenditure is as follows –

Financial Year	2018-19 (\$ million)	2019-20 (\$ million)	2020-21 (\$ million)	2021-22 (\$ million)	2022-23 (\$ million)
Estimated Expenditure	26.3	61.8	103.2	89.2	29.5

The relevant staffing and expenditure of the Commerce and Economic Development Bureau to support the above projects of the Ocean Park have been subsumed within the establishment and provision of the Commerce, Industry and Tourism Branch. It is difficult to quantify them separately.

The Ocean Park is an important tourist attraction in Hong Kong. Having considered its substantial experience in launching conservation-cum-edutainment programmes, we believe allocating funds to the Ocean Park to promote education tourism in the form of partnership would be beneficial to the tourism and economic development and strengthen Hong Kong's position as a premier destination for family visitors, especially the share of the family segment among all overnight visitors to Hong Kong which has increased from 10% in 2006 to 17% in 2016. Meanwhile, the Ocean Park will also utilize their own resources to upgrade the Park's facilities and step up promotion efforts in the major source markets. It would enhance the attractiveness of the new programmes to the tourists in the region and tie in with our policy objective of attracting high-yield overnight visitors. As such, this is a tourism project. The aforementioned Government funding does not include the distribution of complimentary admission tickets by the Ocean Park.

The Ocean Park's plan to distribute 10 000 complimentary admission tickets to primary and secondary school students is mainly aimed at benefiting local students by providing more opportunities for them to take part in the Park's education tourism projects and activities. On the distribution arrangements for the complimentary admission tickets, the Ocean Park plans to work on a school basis, such as through those who organise nature conservation-related or community service activities. The Park will announce the details in due course.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)015****(Question Serial No. 5641)**

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:

Please provide in table form the details of complaints on unfair trade practices received by the Consumer Council for the past 5 years:

Year	No. of cases relating to complaints on unfair trade practices	No. of substantiated cases after investigation	No. of cases successful in recovering money	No. of cases referred to enforcement officers for investigation	No. of convicted cases
2013-2014					
2014-2015					
2015-2016					
2016-2017					
2017-2018					

Asked by: Hon CHAN Tanya (Member Question No. (LegCo use): 172)

Reply:

The number of complaint cases on unfair trade practices received by the Consumer Council in the past five years are as follows –

Year	Number of complaint cases on unfair trade practices	Number of cases successful in recovering money	Number of cases referred to government departments for follow up
2013	3970	1276	229
2014	6265	1410	343
2015	4333	1283	229
2016	3078	833	141
2017	3514	950	93

As the Consumer Council's functions do not include enforcement, the Council does not have statistics on investigations and conviction.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)016****(Question Serial No. 5642)**

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:

Please provide in table form the details of complaints on sale of columbaria received by the Consumer Council for the past 5 years:

Year	No. of cases relating to complaints on unfair trade practices	No. of substantiated cases after investigation	No. of cases successful in recovering money	No. of cases referred to enforcement officers for investigation	No. of convicted cases
2013-2014					
2014-2015					
2015-2016					
2016-2017					
2017-2018					

Asked by: Hon CHAN Tanya (Member Question No. (LegCo use): 173)

Reply:

The numbers of complaint cases on unfair trade practices regarding sale of columbaria received by the Consumer Council in the past five years are as follows –

Year	Number of complaint cases on unfair trade practices regarding sale of columbaria	Number of cases successful in recovering money	Number of cases referred to government departments for follow up
2013	0	0	0
2014	3	2	0
2015	2	0	0
2016	2	0	0
2017	0	0	0

As the Consumer Council's functions do not include enforcement, the Council does not have statistics on investigations and conviction.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)017

(Question Serial No. 4501)

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 provide the following details of each of the duty visits made by the Secretary and Under Secretary in the past five years in chronological order: (a) purpose and destination, (b) post titles of the officials met, (c) number and post titles of Hong Kong officials in entourage, (d) number of days of the visit, and (e) total expenditure incurred, including expenses on (i) transportation (air tickets and local transportation), (ii) accommodation, (iii) meals, (iv) banquets or entertainment and (v) gifts.

Asked by: Hon CHEUNG Chiu-hung, Fernando (Member Question No. (LegCo use): 631)

Reply:

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 five financial years from 2013-14 to 2017-18 (as at 28 February 2018) is at the Appendix.

In the five financial years from 2013-14 to 2017-18 (as at 28 February 2018), the actual amount of expenditure on official entertainment of the Secretary for Commerce and Economic Development and the Under Secretary for Commerce and Economic Development are about \$81,000, \$110,000, \$100,000, \$167,000 and \$150,000 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.

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)
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 international conferences (e.g. ministerial meetings of World Trade Organisation and Asia-Pacific Economic Cooperation), bilateral and multilateral meetings and events; to provide updates on Hong Kong's latest economic development, and promote business opportunities and overall image of Hong Kong in the Mainland and overseas; and to meet with local government officials, chambers of commerce, related 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 international conferences (e.g. ministerial meetings of World Trade Organisation and Asia-Pacific Economic Cooperation), bilateral and multilateral meetings and events; to provide updates on Hong Kong's latest economic development, and promote business opportunities and overall image of Hong Kong in the Mainland and overseas; and to meet with local government officials, chambers of commerce, related 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 international conferences (e.g. ministerial meetings of World Trade Organisation and Asia-Pacific Economic Cooperation), bilateral and multilateral meetings and events; to provide updates on Hong Kong's latest economic development, and promote business opportunities and overall image of Hong Kong in the Mainland and overseas; and to meet with local government officials, chambers of commerce, related 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 (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 international conferences (e.g. ministerial meetings of World Trade Organisation and Asia-Pacific Economic Cooperation), bilateral and multilateral meetings and events; to provide updates on Hong Kong's latest economic development, and promote business opportunities and overall image of Hong Kong in the Mainland and overseas; and to meet with local government officials, chambers of commerce, related organisations and Hong Kong people.	0-1 each time	About HK\$686,000	About HK\$45,000	About HK\$57,000	About HK\$788,000

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)
2017-18 (as at 28.2.2018) (20 times)	Slovenia (Ljubljana), Italy (Milan), Macao*, Foshan, Guangzhou, Beijing*, Hefei*, Vietnam (Hanoi* and Danang*), Fuzhou, Netherlands(Schiphol and Hague), France (Paris), Shenzhen, the Philippines (Manila*), United Kingdom (London), Changsha*, Morocco (Marrakech*), Argentina (Buenos Aires), Belgium (Brussels) and Switzerland (Davos)	To attend international conferences (e.g. ministerial meetings of World Trade Organisation and Asia-Pacific Economic Cooperation), bilateral and multilateral meetings and events; to provide updates on Hong Kong's latest economic development and, promote business opportunities and overall image of Hong Kong in the Mainland and overseas; to meet with local government officials, chambers of commerce, related organisations and Hong Kong people; and to lead business delegation to explore new markets.	0-2 each time	About HK\$474,000	About HK\$49,000	About HK\$48,000	About HK\$571,000

Under Secretary for Commerce and Economic Development (the position was vacant from 28 June 2011 to 15 October 2013 and from 1 July to 1 August 2018)

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)
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 conduct 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 (6 times)	Dongguan, Chengdu, Guangzhou*, Shenzhen* and Nanchong*	To attend meetings, ceremonies of promotional events and conduct 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
2017-18 (as at 28.2.2018) (1 time)	Vietnam (Ho Chi Minh City*)	To attend meeting	0	About HK\$4,700	HK\$0	About HK\$900	About HK\$5,600

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

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

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)018

(Question Serial No. 4503)

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:

Please inform us the following in the past 2 years: (a) the numbers of enquiries and complaints received and the number of cases filed for investigation by the Competition Commission (the Commission); (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. (LegCo use): 633)

Reply:

(a) The number of complaints and enquiries received by the Competition Commission in the past two years (2016 and 2017) were 1 453 and 767 respectively.

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 establishments at the end of 2016-17 and 2017-18 are 57 and 60 respectively. About half of them are involved in professional work 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)019****(Question Serial No. 4504)**

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 tabular 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, and the estimated annual operational expenditure. Please also provide 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: Hon CHEUNG Chiu-hung, Fernando (Member Question No. (LegCo use): 634)

Reply:

From 2013 to 2017, the Hong Kong Trade Development Council (TDC) established 7 offices in the Mainland and overseas. Details are tabulated as follows:

Place	Date of Establishment	Budget in 2018-19 (HK\$)
Chongqing	September 2013	4,024,500
Nanjing	February 2014	4,592,000
Jakarta, Indonesia	July 2014	4,290,900
Delhi, India (consultant office)	July 2014	566,000
Tel Aviv, Israel (consultant office)	May 2015	809,000
Singapore (upgraded from an information gathering centre to a full office)	June 2015	5,302,100
Seoul, Korea (upgraded from a consultant office to a full office)	April 2017	4,786,000

In 2017, the total bilateral trade between Hong Kong and the Mainland, ASEAN, India, Israel and Korea were HK\$4,136.0 billion, HK\$936.8 billion, HK\$266.0 billion,

HK\$32.4 billion and HK\$308.7 billion respectively. To promote trade between Hong Kong and the relevant countries or region, the above offices has been supporting TDC's promotion activities and helping Hong Kong companies expand their businesses in the region. As regards attracting foreign direct investment to Hong Kong, it is under the purview of Invest Hong Kong.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)020****(Question Serial No. 2516)**

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) It is mentioned in the Budget that a total of \$310 million will be allocated in the next few years to support the Ocean Park in developing education and tourism projects. What are the specific details?

(b) The Ocean Park is willing to distribute 10 000 complimentary admission tickets to primary and secondary school students in the coming year. Is there any association or causation between this move and the Government's commitment to allocating \$310 million to support the Park's development?

Asked by: Hon CHEUNG Kwok-kwan (Member Question No. (LegCo use): 15)

Reply:

We announced in the 2018-19 Budget that a total of \$310 million would be allocated in the next few years to support the Ocean Park in developing education tourism projects and staging a new 3D projection-cum-water light show with local elements. These two items are time-limited measures to be implemented in the coming 5 years (2018-19 to 2022-23). The initial estimated annual expenditure is as follows –

Financial Year	2018-19 (\$ million)	2019-20 (\$ million)	2020-21 (\$ million)	2021-22 (\$ million)	2022-23 (\$ million)
Estimated Expenditure	26.3	61.8	103.2	89.2	29.5

The aforementioned Government funding is not related to the distribution of complimentary admission tickets by the Ocean Park.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)021

(Question Serial No. 2517)

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:

There are over 700 000 local primary and secondary students but the Ocean Park will only distribute 10 000 complimentary admission tickets. This will lead to a huge disparity between the percentages of benefited and unbenefited students. In this connection, will the Government request the Ocean Park to substantially increase the number of admission tickets to be distributed, with a view to benefitting more local primary and secondary students?

Asked by: Hon CHEUNG Kwok-kwan (Member Question No. (LegCo use): 16)

Reply:

We announced in the 2018-19 Budget that a total of \$310 million would be allocated in the next few years to support the Ocean Park in developing education tourism projects and staging a new 3D projection-cum-water light show with local elements. The aforementioned Government funding does not include the distribution of complimentary admission tickets by the Ocean Park.

The Ocean Park's plan to distribute 10 000 complimentary admission tickets to primary and secondary school students is mainly aimed at benefiting local students by providing more opportunities for them to take part in the Park's education tourism projects and activities. On the distribution arrangements for the complimentary admission tickets, the Ocean Park plans to work on a school basis, such as through those who organise nature conservation-related or community service activities. The Park will announce the details in due course.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)022

(Question Serial No. 1696)

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 in the Budget that the Commerce and Economic Development Bureau will continue to promote Hong Kong Special Administrative Region Government's participation in the Belt and Road Initiative and will set up a joint conference mechanism with the Mainland authorities to follow up on the implementation of the "Arrangement for Advancing Hong Kong's Full Participation in and Contribution to the Belt and Road Initiative" (the Arrangement). Also, the Chief Executive has mentioned in the Policy Address that the Government will enter into an agreement of Hong Kong's full participation in the Belt and Road Initiative with the National Development and Reform Commission (NDRC). In this connection, will the Government advise this Committee whether the agreement or other arrangements will cover the financial and securities sectors? It has been stated in CEPA and the agreement on the development of Qianhai that consideration will be given to allowing Hong Kong securities companies to set up places of business or joint ventures in the Mainland. Please advise whether the Government will seek to incorporate such proposals in the Arrangement.

Asked by: Hon Christopher CHEUNG Wah-fung (Member Question No. (LegCo use): 27)

Reply:

The Arrangement between the National Development and Reform Commission and HKSAR Government on Advancing Hong Kong's Full Participation in and Contribution to the Belt and Road Initiative (the Arrangement) was signed in December 2017. The Arrangement has put forward a number of specific measures focusing on finance and investment, including facilitating co-operation of all key stakeholders through the platform of Hong Kong to provide for the Belt and Road Initiative the funds required as well as a diversity of financing channels; fully leveraging Hong Kong's status as the global offshore Renminbi business hub to facilitate cross-border investment; and developing green finance, etc. At present, qualified Hong Kong securities companies may set up full-licensed joint

ventures in specific places of the Mainland under CEPA. The HKSAR Government will continue to pursue further liberalisation of securities services under CEPA.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)023

(Question Serial No. 1697)

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:

Of the additional provision of \$396 million set aside in the Budget for the tourism industry, \$226 million will be allocated to the Hong Kong Tourism Board (HKTB) to implement the Development Blueprint for Hong Kong's Tourism Industry released by the Tourism Commission last year. The HKTB has indicated that one of its key tasks this year is to develop multi-destination tourism for both the Bay Area and the Belt and Road. Will the Government and the HKTB formulate an interim review proposal to evaluate if the HKTB has adequate resources to develop multi-destination tourism? Will the Government consider increasing funding where necessary? Meanwhile, will the Government collaborate with the Mainland authorities to consider initiatives to enhance individual travel with a view to expediting the procedures for issuing travel or business visas? On the other hand, will the Government assist the HKTB, the Trade Development Council, etc. in studying the development of business travel related to the Bay Area or the Belt and Road so as to attract the patronage of business customers of Hong Kong and the Mainland in a bid to drive tourism in tandem with the opening up of the business opportunities of the Big Bay Area and the Belt and Road?

Asked by: Hon CHEUNG Wah-fung, Christopher (Member Question No. (LegCo use): 28)

Reply:

The Hong Kong Tourism Board (HKTB) has been actively co-operating with Belt and Road countries/regions and Guangdong-Hong Kong-Macao Bay Area (Bay Area) cities to promote the concept of multi-destination tourism in overseas markets (including countries/regions along the Belt and Road) through various means including trade briefings, familiarisation tours, exhibitions, road shows and advertisements. In the future, we will continue to allocate funding to the HKTB, such that it can maintain close liaison and partnership with tourism promotional organisations of different regions, so as to attract more foreign visitors to travel to Hong Kong on a multi-destination basis.

To help the trade grasp the opportunities brought by the development of the Bay Area, the Government has allocated a provision of \$1 million in the 2018-19 Budget for supporting the Travel Industry Council of Hong Kong (TIC) to arrange visits for Hong Kong travel agents to different cities of the Bay Area to deepen co-operation with the Mainland trade and open up related business opportunities. The Government will start preparations with TIC, including drawing up the itineraries and other details.

Furthermore, in December 2018, Hong Kong will, under the support of the former China National Tourism Administration (which merged with the Ministry of Culture to form the Ministry of Culture and Tourism in March 2018), organise a tourism co-operation forum cum business matchmaking conference with a dual-theme on the Belt and Road Initiative and Bay Area development at the Hong Kong Convention and Exhibition Centre, with the participation of government officials and trade members from Mainland provinces/cities and Belt and Road countries/regions, with a view to promoting the exchange of information amongst governments, and matchmaking and co-operation amongst travel trades, from different regions.

As regards the Individual Visit Scheme, we understand that some provincial and municipal public security departments in the Mainland have introduced measures allowing local residents to submit visa applications through platforms including websites, mobile applications and self-service machines, providing travellers who intend to visit Hong Kong with greater ease and convenience. We will keep in view the developments of such measures and maintain close liaison with relevant central authorities on the arrangements for Mainland residents to visit Hong Kong.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)024****(Question Serial No. 1488)**

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:

As recently reported by the press, the Kai Tak Cruise Terminal (KTCT) has commenced operation for nearly 5 years but low patronage renders the KTCT a “dead city”. The Kai Tak Cruise Plaza, which should have been crowded with famous stores, at the south end of the KTCT is left vacant. Inconvenient transportation has also discouraged local visitors from visiting the KTCT, making it hard for the restaurants at the north end of the KTCT to run their business. All these reflect that the KTCT has an erroneous positioning with very poor ancillary facilities, resulting in the close-down of the Plaza and also bad business for the restaurants. Meanwhile, the per capita spending of cruise visitors arriving in Hong Kong, be they overnight visitors or transit visitors, has been on the decrease. The per capita spending of overnight cruise visitors has dropped drastically from \$4,290 in 2012 to \$2,950 in 2015, representing a sharp decrease of 30%, while the per capita spending of transit cruise visitors has also dropped from \$1,933 in 2012 to \$1,597 in 2015, representing a decrease of 17%. In addition, the poor transport facilities and vacant commercial areas have also discouraged local visitors from visiting the KTCT. In this connection, will the Government inform this Committee:

- (a) of the detailed actual and estimated expenditure for promoting cruise tourism over the past 5 years and in 2018-19;
- (b) whether the positioning of the KTCT mall will be reviewed to introduce diverse and characteristic shops to entice cruise passengers and local visitors; if yes, of the details; if not, the reasons for that; and
- (c) given that local visitors are discouraged by poor transport facilities and vacant commercial areas and the drop in spending by cruise visitors, whether the transport facilities will be enhanced to entice local visitors and merchants to the KTCT; if yes, of the details; if not, the reasons for that?

Reply:

(a)

The expenditures of the Hong Kong Tourism Board (HKTb) for promoting cruise tourism in the past five years are tabulated below.

Year	Actual Expenditure in 2013-14	Actual Expenditure in 2014-15	Actual Expenditure in 2015-16	Actual Expenditure in 2016-17	Estimates in 2017-18
Expenditure for promoting cruise tourism	\$15.59 million	\$18.01 million	\$14.21 million	\$20.69 million	\$31.50 million

In 2018-19, the Government will allocate an additional provision of \$14 million for the HKTb to ensure the sustainable growth of cruise tourism by leveraging on the strengths of Hong Kong, consolidating the established diversified source markets, as well as seizing the opportunities brought about by the commissioning of the cross-boundary transport infrastructure. Specific initiatives include continuing with the promotion on “fly-cruise” tourism; seizing the opportunities brought about by the upcoming commissioning of the Guangzhou-Shenzhen-Hong Kong Express Rail Link (XRL) by encouraging the trade to launch travel products that bundle XRL tickets with cruise travel; and launching promotion campaigns targeting some of the mainland cities along the express rail network, with a view to cultivating more source markets and increasing the depth of market penetration. In addition, the HKTb will leverage on the competitive advantages of Hong Kong in terms of tourist attractions to launch special offer packages that cover cruise and attractions, with a view to further consolidating the visitor source markets in southern China. Taking into account the additional provision for the HKTb as mentioned above, the HKTb’s total budget for promoting cruise tourism in 2018-19 is around \$28.4 million.

(b)

The Kai Tak Cruise Terminal (KTCT) is a purpose-built infrastructure and is designed to cater for the cruise-specific functional and operational purposes. Therefore, cruise businesses and operations take priority in the design and layout of the KTCT. Its ancillary commercial areas are designed also mainly to support cruise operations and are not meant to be a shopping mall. Back in 2010, we have already presented the layout of the KTCT to the Legislative Council, including the total area and locations of the ancillary commercial areas. The floor area of the ancillary commercial areas at the KTCT is about 5 600 square metres, taking up only 4% of the total area of the KTCT, with 7 shops of different sizes and are currently fully leased. Apart from one merchant that has ceased operation since June 2016 due to its own operational issues, all other merchants are in operation and providing a variety of services including food and beverages (including restaurants serving Chinese and western cuisines and a family-themed restaurant), wedding service company, cruise industry training centre, currency exchange and visitors information services, catering for the need of different customer segments and bringing people flow to the KTCT. The terminal operator will, after it has completed the legal procedures to recover the shop that has ceased

operation, invite new sub-tenant for the shop, so as to identify a new merchant as soon as possible.

In addition, we have already arranged the setting up of small-scale pop-up stores at the passenger waiting halls of the KTCT during some of the days with ship calls for selling souvenirs and drinks. This serves to increase the retail space at the KTCT without compromising the cruise operation. On the other hand, we have been encouraging the sub-tenants to make good use of the communal areas of the KTCT, e.g. by facilitating the use of the outdoor communal area as a side venue for wedding banquets held in a restaurant in the adjacent commercial area, and exploring turning some of the communal areas into children playing areas to attract more visitors of the family segment to the KTCT.

(c)

The Government has all along been making efforts to strengthen the transport connectivity of the KTCT. The terminal operator and relevant Government departments have been maintaining contact to implement corresponding transport measures to support the operations of KTCT. Currently, the transportation arrangements during ship calls are generally smooth. Apart from taxi services and coach services arranged for visitors joining shore excursion programmes, there are free shuttle services arranged by nearby malls and paid coach services to hotel districts.

Public transport services during other usual time have seen continued improvements. We have strengthened the franchised bus service in 2016, to expand its weekend and public holiday service to run on a daily basis. Also, the green minibus services have been strengthened since 2017 with higher frequency and longer service hours. 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 and event organisers also made use of the Kai Tak Runway Park Pier to ferry their cruise passengers and participants between KTCT and other locations. These have provided members of the public and visitors with alternative mode of transportation other than land transport. In the first half of this year, there will be a new franchised bus route connecting the KTCT.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)025

(Question Serial No. 1490)

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 proposed in the Budget that the Professional Services Advancement Support Scheme be further enhanced and the professional services sector is encouraged to work with other sectors in applying for funding. How many professional organisations were successful in their application for funding support under the scheme last year? What are the business and nature of these organisations?

Asked by: Hon CHIANG Lai-wan (Member Question No. (LegCo use): 7)

Reply:

The Professional Services Advancement Support Scheme (PASS) seeks to support Hong Kong's professional services sector in increasing exchanges and co-operation with their counterparts in external markets, promoting relevant publicity activities and enhancing the standards and external competitiveness of our professional services. PASS receives applications all year round on a quarterly basis. 20 projects were funded under the first four rounds. The professional services sectors covered by these projects include the accounting, legal, building and construction, health, information and communications technology, design and technical testing and analysis sectors. Funded organisations mainly include professional bodies and trade and industry organisations. Details of the funded projects have been uploaded into the dedicated website of the Scheme.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)026

(Question Serial No. 2567)

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. According to the performance indicators of the Consumer Council (CC) in 2018, the volume of circulation of publications is expected to decrease from over 300 000 in the past 2 years to 271 800. What are the reasons?
2. Has the CC completed the review on the development of the "CHOICE" Magazine on both digital and print platforms? When will the findings of the review be published?
3. Will the Government provide additional resources to the CC this year to enhance the content and function of the "CHOICE" Magazine, or even to provide an online version free of charge? If yes, what will be the plan and the resources involved?

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

Reply:

The Consumer Council has been publishing the "CHOICE" Magazine since 1976. The monthly magazine features a wide range of topics, including reports on product tests, surveys and studies, as well as detailed introduction of various consumer goods and services. Nevertheless, technology advancement has changed the way people access information and their reading behaviour. The "CHOICE" Magazine and many other print publications share the same challenge of a declining trend of readership. Therefore, the annual circulation of the print version of the "CHOICE" Magazine in 2018 is projected to decline to 270,000 copies from the existing about 300,000 copies. Nevertheless, the Council Consumer has been striving to maintain "CHOICE"'s circulation through different promotional and distribution channels.

In 2015, the Consumer Council started a study on the strategy and long-term development of the “CHOICE” Magazine. The study has been completed, and the Consumer Council has begun to implement the recommendations of the study by phases, including the setting-up of an online subscription portal, continuation of the production of multi-media content, and enhanced support to search engine optimisation in 2018-19.

At the same time, the Consumer Council plans to develop a mobile-friendly version of the “Online Price Watch” website, which will be optimised for mobile devices in 2018-19. The new website is expected to be launched in March 2019, and will be made available for free browsing by the public. On the other hand, currently consumers may subscribe to or purchase individual articles of the online version of the “CHOICE” Magazine, while some articles are available for free. The Consumer Council plans to launch a web-edition of “CHOICE” that may be read online in future.

The Government will provide additional resources to the Consumer Council in 2018-19 for upgrading the “CHOICE” magazine. The Consumer Council will allocate an additional \$261 million for the planned upgrade of the “CHOICE” Magazine in 2018-19, and will allocate an additional \$150 million for the implementation of related information technology improvement projects.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)027

(Question Serial No. 2568)

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 mentions that it is actively considering the redevelopment of the Air Mail Centre at the airport and that advanced equipment will be introduced. Funding provision of \$5 billion has been earmarked. Discussions will be held with the Airport Authority Hong Kong and other postal authorities with a view to optimising the transshipment capacity of the Air Mail Centre and boosting cross-boundary logistics and trade.

1. Will the Bureau please provide the details of the plan and timetable?
2. Of the current annual total mail volume handled by the Air Mail Centre of the airport, how many are mails related to cross-boundary e-commerce? What is the share of such mails in the total mail volume?
3. Is the share on the low side compared with other overseas places and countries?
4. Of the existing annual air cargo handled by Hong Kong, what is the share of those related to cross-boundary e-commerce?

Asked by: Hon CHOW Ho-ding, Holden (Member Question No. (LegCo use): 6)

Reply:

Hongkong Post (HKP) will commission a number of technical and financial feasibility consultancy studies on the redevelopment of the Air Mail Centre (AMC) situated in the Chek Lap Kok Airport. It is expected that these studies will be completed by early 2019, after which more concrete plans and timetable will be drawn up for the redevelopment. With e-substitution, the demand for postal services for traditional letter mails is decreasing. On the other hand, the demand for postal services for delivering small packets by air brought about by online shopping is increasing. At present, the volume of transit small

packets handled by the AMC constitutes approximately 40% of the total air mail traffic (including traditional letter mails and small packets) handled by the AMC. HKP does not have the relevant figures of other postal administrations.

Under the current industry practice, shippers or consignees are not required to provide information as to whether the shipment involves e-commerce or otherwise. As such, the Airport Authority Hong Kong does not have information on the percentage of air cargo that involves cross-border e-commerce.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)028

(Question Serial No. 2569)

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:

Of the additional \$396 million to be allocated by the Government to the tourism industry in this financial year:

1. \$226 million will be provided for the Hong Kong Tourism Board (HKTb) to implement the Development Blueprint for Hong Kong's Tourism Industry (the Blueprint). Please specify for each initiative involved its contents and schedule, as well as the amount and percentage of the resources concerned.
2. The remaining resources of \$170 million will be deployed to the Tourism Commission (TC). Please specify for each work project involved its contents and schedule, as well as the detailed resource allocation.

Asked by: Hon CHOW Ho-ding, Holden (Member Question No. (LegCo use): 14)

Reply:

The Government of this term has set out a comprehensive "Development Blueprint for Hong Kong's Tourism Industry" (the Development Blueprint), which outlines the vision and mission of tourism development for developing Hong Kong into a world-class premier tourism destination and ensuring the balanced, healthy and sustainable development of the industry.

To implement the four development strategies under the Development Blueprint, the Government has allocated an additional \$396 million in 2018-19 for the tourism industry, including the additional funding of \$226 million for the Hong Kong Tourism Board, as well as the remaining \$170 million for the Tourism Commission mainly for taking forward 12 new initiatives to promote tourism development. These new initiatives will be rolled

out progressively within the next few years starting from 2018-19. Information and the resources allocated to the new initiatives are shown in the following tables –

Hong Kong Tourism Board

New tourism initiatives	Additional funding amount in 2018-19 (\$ million)
<u>Strategy 1: To develop a diversified portfolio of visitor source markets for Hong Kong, with a focus on attracting high value-added overnight visitors</u> (1) Thematic advertising in source markets (2) District programmes (3) Waiver of participation fees of local travel trade in joining overseas promotions (4) Participating in overseas promotional events organised by the Trade Development Council (5) Overseas promotion for new tourism offerings	84
<u>Strategy 2: To nurture and develop tourism products and initiatives with local and international characteristics</u> (6) Stepping up promotions for the Hong Kong Section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link and the Hong Kong-Zhuhai-Macao bridge (7) Stepping up promotions of green tourism (8) Subsidising the travel trade to attract more small- and medium-sized MICE events to Hong Kong (9) Enriching mega events' content and enhancing promotions of various large-scale events (10) Promoting "Fly-Cruise" and "Rail-Cruise" programme (11) Collaborating with cruise lines to consolidate the established and develop more source markets for cruise tourism	120
<u>Strategy 3: To develop smart tourism</u> (12) Revamping discoverhongkong.com website (13) Enhancing digital platforms' content	13.73
<u>Strategy 4: To upgrade the service quality of tourism industry</u> (14) Stepping up promotions of the "Quality and Honest Hong Kong Tour" and the "Quality Tourism Services" schemes	8
Total	226

Tourism Commission

New initiatives to promote tourism development	Additional funding amount in 2018-19 (\$ million)
Strategy 1: To develop a diversified portfolio of visitor source markets for Hong Kong, with a focus on attracting high value-added overnight visitors (1) Organising a tourism forum under the dual themes of “Belt and Road” and “Bay Area” with business matching conference for the travel trade (2) Supporting the Travel Industry Council of Hong Kong (TIC) in arranging visits for Hong Kong travel agents to “Bay Area” (3) Supporting TIC in developing a new web-based tourism resource forum about “Belt and Road” countries and the “Bay Area” cities (4) Supporting tourist attractions in enhancing competitiveness and promotion in visitor source markets	21
Strategy 2: To nurture and develop tourism products and initiatives with local and international characteristics (5) Tourism project making use of creative and multimedia technology (6) Light installation project at the Central Harbourfront (7) New tourism projects with creative, artistic and cultural elements (8) New pilot arts cum historical, cultural and green tourism event at Yim Tin Tsai of Sai Kung (9) Enhancing the tourism supporting facilities of some popular hiking trails and those with good tourism potentials (10) Ocean Park’s education tourism projects and a new 3D projection-cum-water light show	110
Strategy 3: To develop smart tourism (11) Launching new smart travel landing page	1.4
Strategy 4: To upgrade the service quality of tourism industry (12) Supporting TIC to continue to implement and enhance the Information Technology Development Matching Fund Scheme for Travel Agents	30
Total	163

Note: Together with the additional provision of \$7.4 million in 2018-19 for preparing for the establishment of the Travel Industry Authority, the additional provision to the Tourism Commission in 2018-19 amounts to \$170 million in total.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)029****(Question Serial No. 2570)**

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 will allocate a total of \$310 million in the next few years to support the Ocean Park in developing education and tourism projects.

(a) How will the provision be allocated? Please specify details of the development projects.

(b) Developing education and tourism projects will be a policy initiative tailor-made for the Ocean Park by the Government. Will this policy initiative be gradually extended to cover other tourist spots including the Wetland Park? If not, what are the reasons?

Asked by: Hon CHOW Ho-ding, Holden (Member Question No. (LegCo use): 16)

Reply:

The share of the family segment among all overnight visitors to Hong Kong rose from 10% in 2006 to 17% in 2016. To diversify our tourism products and attract more family visitors to Hong Kong, we announced in the 2018-19 Budget that a total of \$310 million would be allocated in the next few years to support the Ocean Park in developing education tourism projects and staging a new 3D projection-cum-water light show with local elements. These two items are time-limited measures to be implemented in the coming 5 years (2018-19 to 2022-23). The initial estimated annual expenditure is as follows –

Financial Year	2018-19 (\$ million)	2019-20 (\$ million)	2020-21 (\$ million)	2021-22 (\$ million)	2022-23 (\$ million)
Estimated Expenditure	26.3	61.8	103.2	89.2	29.5

The Ocean Park is an important tourist attraction in Hong Kong. Having considered its substantial experience in launching conservation-cum-edutainment programmes, we believe allocating funds to the Park to promote education tourism in the form of partnership would be beneficial to the tourism and economic development and strengthen Hong Kong's position as a premier destination for family visitors.

We will continue to implement a variety of projects and measures as appropriate with relevant bureaux/departments and different stakeholders, like Hong Kong Tourism Board, Travel Industry Council of Hong Kong, tourist attractions, etc. in order to generate greater synergy and attract more high-yield overnight visitors to facilitate the balanced, healthy and sustainable development of the tourism industry

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)030

(Question Serial No. 2571)

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 2016, the Government allocated \$10 million to the Travel Industry Council of Hong Kong for enhancing the Information Technology Development Matching Fund Scheme for Travel Agents. It is further announced this year that an additional funding of \$30 million will be allocated to the scheme, with the ceiling capped at \$100,000 for each application.

1. Please give details of the subsidies provided by the Matching Fund in the past 2 years, including the number of applications, the largest and smallest amounts of funding granted, the total number of travel agencies applied for funding and details of funding items approved.
2. Has the Government reviewed the effectiveness of the relevant subsidies? If so, what were the results? If not, what are the reasons?
3. Recently there were repeated cases in which local travel agencies reported theft of customer data on the internet and were blackmailed. Will the Administration introduce any targeted funding measures to help travel agencies obtain effective services in reducing cyber risks and further enhance the security level of their information systems?

Asked by: Hon CHOW Ho-ding, Holden (Member Question No. (LegCo use): 21)

Reply:

The Government allocated \$10 million in 2016-17 to launch the Pilot Information Technology Development Matching Fund Scheme for Travel Agents, through the Travel Industry Council of Hong Kong (TIC), to subsidise small and medium-sized travel agents, on a matching basis, to make use of information technology so as to enhance the competitiveness of the industry. Since the launch of the Scheme, applications from

119 travel agents have been received, among which 114 applications have been approved, involving about \$10 million. The amounts of approved funding ranged from about \$20,000 to \$100,000. Upon entering into funding agreements with the successful travel agents, TIC has uploaded the information about the projects to its website (http://www.tichk.org/public/website/en/member_service/IT_approved_projects.pdf). TIC has also submitted reports on the implementation of the Scheme to the Government, and considered that the Scheme is effective in enhancing the competitiveness of the industry.

In view of the positive feedback of the trade, the Government has allocated an additional funding of \$30 million in 2018-19 to TIC for enhancing the Scheme, so as to encourage more small and medium-sized travel agents to make use of information technology, including elevating service quality, strengthening information system security, improving crowd management of inbound tour groups, etc. The Government will start preparations with TIC, including considering expansion of the funding scope to cover hardware and subscription-based technological services or solutions, and formulating other details.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)031

(Question Serial No. 2572)

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 planning for new convention and exhibition facilities this year,

1. What are the specific work details? What is the timetable? What are the manpower and expenditure involved?
2. What is the expected time for announcing the details of the development projects?
3. Apart from relocating the 3 government towers at Wan Chai waterfront to make way for new convention and exhibition venues, what is the view of the Government on expansion of the AsiaWorld-Expo on Lantau Island? Has the Government identify other suitable locations? If yes, what are the details? If no, what are the reasons?

Asked by: Hon CHOW Ho-ding, Holden (Member Question No. (LegCo use): 28)

Reply:

1. In the Policy Address delivered in October 2017, the Chief Executive announced that the sites of the three government towers in Wan Chai North and Kong Wan Fire Station will be redeveloped for convention and exhibition (C&E), hotel and office use. Our preliminary estimate is that the site can provide about 23 000 square metres of C&E facilities. The plan involves relocation exercise of 28 government departments in the three government towers, the law courts and the Kong Wan Fire Station. Our current estimation is that the relocation could be completed in mid 2020s. The Government will proceed with the relocation in accordance with established procedures, with a view to vacating the sites of the three government towers in Wan Chai North and the Kong Wan Fire Station for development of C&E facilities and commercial premises as soon as possible.

The Government will also proceed with the plan of constructing a new convention centre above the Exhibition Station of the Shatin to Central Link (SCL). We estimate that the centre will provide about 15 000 square metres of convention facilities. We plan to commence the construction works after the commissioning of the Exhibition Station of SCL in 2021.

Planning for new C&E facilities is part of the work of the Commerce, Industry and Tourism Branch of the Commerce and Economic Development Bureau. We do not have a breakdown of the staff establishment and expenditure for individual items.

2. The Government is working on the planning and design of the above projects. We will announce further details when such details are available.

3. The AsiaWorld-Expo (AWE) located on the airport island currently provides about 70 000 square metres of rentable C&E space, and land has been reserved for its further expansion. The Government will continue to discuss possible expansion with the AWE board of directors, and we need to take into consideration the C&E business and operation of AWE Phase 1, as well as the economic benefits that could be brought about by developing Phase 2, supporting facilities, financial arrangements, etc.

For the longer-term, when the issue on the reprovisioning of the Wan Chai Sports Ground is satisfactorily resolved, the site can be earmarked for further C&E development to reinforce and enhance Wan Chai North as a C&E hub in Asia.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)032****(Question Serial No. 2573)**

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 Bureau ensured the smooth operation of the Post Office Trading Fund and took measures to improve customer service and productivity where appropriate.

1. What were the expenditures of the Trading Funding for the past 3 years? Among the figures, how much was the overtime expenditure of staff? What was the main reason for the change?
2. Will the Bureau consider conducting a comprehensive review for the business operation of the Post Office for purpose of keeping up with the trend of e-commerce economy and further enhancing the operational efficacy of the Trading Fund? If yes, what are the plans and timetable? If not, what are the reasons?

Asked by: Hon CHOW Ho-ding, Holden (Member Question No. (LegCo use): 29)

Reply:

1. The operating cost and overtime allowance of the Post Office Trading Fund in the past three financial years are listed below:

Financial Year	2014-15	2015-16	2016-17
Operating cost (\$ billion)	5.18	4.66	4.73
Overtime allowance (\$ billion)	0.18	0.18	0.18

The decrease in operating cost of \$0.52 billion (i.e. 10%) in 2015-16 over 2014-15 was mainly due to a drop in mail traffic, resulting in decreases in air conveyance cost and the terminal dues levied by other postal administrations. The former was further reduced due to a drop in fuel surcharge.

2. Hongkong Post (HKP) always seeks to cope with the development of e-Commerce through the introduction of various international and local delivery services that can meet the needs of internet traders, and to facilitate customers through introduction of convenient posting and collection services.

On international mail services, HKP has launched in recent years services like the “e-Express” that meets the requirements of e-Commerce online shopping through provision of track and trace functions; the “iMail” service that provides bulk posting of mail items requiring signature by addressees; “e-EMS” service for delivery to Mainland of items purchased overseas through online shopping; and special lane services customized for online shopping platforms with electronic posting data to facilitate customs clearance.

On local mail services, HKP has launched the “Smart Post” service that provides tracking of items and choice of delivery points. With the successful application for a “Mail Collection Number”, addressees can select to collect their items at their designated iPostal Station or post office. HKP has also worked with Taobao on a collection service where online shoppers can collect their purchases at a post office or iPostal Station of their choice.

To facilitate internet traders on posting of items to their buyers, HKP has launched “EC-Ship” and “My Speedpost” online posting platforms that provide convenience to mailers in postage calculation, printing of address labels, tracking of items and managing of their accounts online, etc.

HKP will continue to meet the needs of e-Commerce by providing services that are convenient and cost-effective.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)033****(Question Serial No. 2574)**

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 Bureau monitored the implementation of the Trade Descriptions Ordinance in tackling unfair trade practices that might be deployed in consumer transactions.

1. What were the numbers of investigations and prosecutions, the particulars and judgments of the cases in relation to suspected contravention of Trade Descriptions Ordinance in the past 4 years? Please set out the information by year.
2. What were the details and allocated resources for the relevant education and publicity work in each of the past 4 years? If there was not much difference, what were the reasons? Has the Government considered further increasing the relevant resources in order to raise the awareness of the public and the business sector?

Asked by: Hon CHOW Ho-ding, Holden (Member Question No. (LegCo use): 33)

Reply

Information on the enforcement of the Trade Descriptions Ordinance (TDO) by the Customs and Excise Department (C&ED) in the past four years is as follows:

Offence	Relevant information	2014	2015	2016	2017
False trade descriptions	Number of cases investigated	403	107	92	78
	Number of prosecution cases	28	59	36	47

Offence	Relevant	2014	2015	2016	2017
False trade descriptions	Number of convictions (company/individual)	32	66	40	43
	Fine	\$1,000 to \$152,000	\$1,000 to \$67,800	\$2,000 to \$90,000	\$500 to \$120,000
	Imprisonment (without suspended sentence)	-	From 14 days to 3 months	2 months	6 months
	Imprisonment (with suspended sentence)	From 14 days (suspended for 18 months) to 4 months (suspended for 3 years)	From 2 months (suspended for 2 years) to 3 months (suspended for 2 years)	From 14 days (suspended for 1 year) to 8 months (suspended for 2 years)	From 2 months (suspended for 2 years) to 4 months (suspended for 2 years)
	Community Service Orders	120 hours	From 120 hours to 240 hours	60 hours	From 80 hours to 200 hours
Misleading omissions	Number of cases investigated	126	18	12	10
	Number of prosecution cases	5	12	6	7
	Number of convictions (company/individual)	4	10	8	11
	Fine	\$4,000 to \$25,000	\$1,000 to \$20,000	\$2,000 to \$100,000	\$4,000 to \$30,000
	Imprisonment (without suspended sentence)	-	From 20 days to 10 weeks	From 2 weeks to 2 months	10 weeks
	Imprisonment (with suspended sentence)	4 months (suspended for 2 years)	From 2 months (suspended for 2 years) to 6 months (suspended for 3 years)	3 months (suspended for 2 years)	3 weeks (suspended for 2 years)
	Community Service Orders	100 hours	120 hours	160 hours	160 hours to 240 hours

Offence	Relevant	2014	2015	2016	2017
Aggressive commercial practices	Number of cases investigated	44	7	10	2
	Number of prosecution cases	2	1	3	2
	Number of convictions (company/individual)	0	3	1	4
	Fine	-	-	-	-
	Imprisonment (without suspended sentence)	-	3 months	1 months	-
	Imprisonment (with suspended sentence)	-	-	-	
	Community Service Orders	-	200 hours	-	From 120 hours to 200 hours
Bait advertising	Number of cases investigated	12	0	1	1
	Number of prosecution cases	0	0	1	2
	Number of convictions (company/individual)	0	0	0	1
	Fine	-	-	-	\$10,000
	Imprisonment (without suspended sentence)	-	-	-	-
	Imprisonment (with suspended sentence)	-	-	-	-
	Community Service Orders	-	-	-	-
Bait and switch	Number of cases investigated	3	0	0	0
	Number of prosecution cases	0	0	0	0

Offence	Relevant	2014	2015	2016	2017
Bait and switch	Number of convictions (company/individual)	0	0	0	0
	Fine	-	-	-	-
	Imprisonment (without suspended sentence)	-	-	-	-
	Imprisonment (with suspended sentence)	-	-	-	-
	Community Service Orders	-	-	-	-
Wrongly accepting payment	Number of cases investigated	58	3	10	9
	Number of prosecution cases	0	1	1	2
	Number of convictions (company/individual)	0	0	0	3
	Fine	-	-	-	\$48,000
	Imprisonment (without suspended sentence)	-	-	-	6 months
	Imprisonment (with suspended sentence)	-	-	-	-
	Community Service Orders	-	-	-	100 hours
Other offences under TDO ^	Number of cases investigated	55	33	19	8
	Number of prosecution cases	39	39	24	14
	Number of convictions (company/individual)	40	46	22	16
	Fine	From \$1,000 to \$25,000	From \$1,000 to \$30,000	From \$1,000 to \$16,800	From \$1,000 to \$16,500
	Imprisonment (without suspended sentence)	-	-	-	-

Offence	Relevant	2014	2015	2016	2017
Other offences under TDO ^	Imprisonment (with suspended sentence)	-	-	-	-
	Community Service Orders	-	-	-	-

^ Such as sections 4, 9 and 12 of TDO.

C&ED will continue to actively enforce the TDO by adopting a three-pronged approach, including stringent enforcement, compliance promotion as well as public education and publicity, in order to protect consumers through suppression of 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, 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 180 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 strengthening collaboration with the Consumer Council, C&ED has been promoting the message of smart shopping to the general public through various media.

In 2018-19, C&ED will strengthen the above work, including taking the initiative to convene meetings with the management and representatives among different industries with a view to reminding them of the importance to comply with the fair trading provisions and supervisory responsibilities. Besides, in order to let the general public have a more concrete understanding of the various types of unfair trade practices, C&ED has published the second edition of a booklet on cases of successful prosecutions under the TDO in March 2018. The booklet strengthens the knowledge of traders and consumers on the TDO, promoting compliance and the significance of consumer rights. Furthermore, C&ED will upload to its website the common modus operandi employed by unscrupulous traders, and results and details of compliance or enforcement cases. To serve as a deterrent, C&ED will publicise through the media details and sentences of cases involving unfair trade practices so as to remind unscrupulous traders of the serious consequences for violation of the TDO.

In 2018-19, 190 officers of C&ED will be deployed for carrying out the enforcement work under the TDO. The estimated expenditure involved will be \$95.44 million. The expenditure involved in compliance promotion and public education has been subsumed within the Department's provisions, it is difficult to quantify such expenditure separately.

On the other hand, the Consumer Council conducts a wide range of publicity and education through various channels to promote “smart consumption”. The “CHOICE” Magazine published by the Consumer Council often includes TDO-related articles covering different topics, giving alerts and suggestions to consumers. The Consumer Council also responds to questions related to TDO at its monthly press conference of the “CHOICE” Magazine” and provides analysis of the complaint cases on TDO at its year ender to serve as a reminder to consumers. In response to the needs of the under-privileged groups, the Consumer Council also organises seminars from time to time (such as fora on elderly consumption) to help participants understand consumption issues related to them using case sharing, and to remind the under-privileged groups and their families ways to uphold their rights and to seek help from law enforcement agencies when necessary. In 2018-19, the Consumer Council will continue to strengthen the above work.

The manpower and expenditures of the Consumer Council related to TDO are part of the operation of the Consumer Council and have been subsumed in the recurrent subvention provided to the Consumer Council by the Government. It is difficult to quantify them separately.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)034

(Question Serial No. 2575)

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 will develop the mobile version of “Online Price Watch” this year.

1. What will be the content and implementation timetable of the above project?
2. What will be the resources, including manpower and funding amount, allocated for the above project?
3. Will this service be provided through mobile application or just mobile web version? If it is the former, is it available free of charge or at a cost?

Asked by: Hon CHOW Ho-ding, Holden (Member Question No. (LegCo use): 38)

Reply:

The Consumer Council launched the “Online Price Watch” in 2008. The current website compares the prices of about 2000 items sold at the online shops of six chain supermarkets and health and beauty stores on a daily basis. The “Online Price Watch” has enhanced price transparency, assisting consumers to optimise their shopping choices.

In 2018-19, the Consumer Council plans to develop a mobile-friendly version of the “Online Price Watch” website, which will be optimised for mobile devices. The new website is expected to be launched in March 2019, and will be made available for free browsing by the public.

The capital expenditure of developing the mobile version of “Online Price Watch” is \$0.7 million. An information technology (IT) technical staff will provide support to this and other IT development projects.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)035

(Question Serial No. 2576)

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:

Last year the Bureau liaised with the relevant Mainland authorities to take forward the implementation of CEPA and other tourism-related measures, and signed the “Agreement on Further Enhancement of Tourism Co-operation between the Mainland and Hong Kong” with the China National Tourism Administration:

1. What were the main areas of work concerned last year? What are the future work plan and programmes after signing the “Agreement on Further Enhancement of Tourism Co-operation between the Mainland and Hong Kong” with the China National Tourism Administration? Please give a detailed account.
2. What were the resources injected for the work last year? What are the expected expenditure and manpower resources for the coming year?

Asked by: Hon Holden CHOW Ho-ding (Member Question No. (LegCo use): 39)

Reply:

We have established a regular communication and co-ordination mechanism with the former China National Tourism Administration (CNTA) (which merged with the Ministry of Culture to form the Ministry of Culture and Tourism in March 2018) and reached consensus with it on a number of arrangements to take forward the Agreement on Further Enhancement of Tourism Co-operation between the Mainland and Hong Kong.

In December 2017, Hong Kong and the other ten cities of the Guangdong-Hong Kong-Macao Bay Area (Bay Area) (i.e. Macao, Guangzhou, Shenzhen, Foshan, Dongguan, Huizhou, Zhuhai, Zhongshan, Jiangmen and Zhaoqing), under the co-ordination of the former CNTA, signed the Agreement on the Tourism Federation of Cities in Guangdong, Hong Kong and Macao Bay Area, and jointly established the Tourism Federation of Cities

in Guangdong, Hong Kong and Macao Bay Area (the Federation), so as to deepen collaboration in various areas including promotion and publicity, market regulation and sharing of tourism information amongst the cities concerned. We will continue to maintain close liaison with the other members of the Federation to progressively take forward the relevant initiatives.

In December 2018, Hong Kong will, under the former CNTA's support, organise a tourism co-operation forum cum business matchmaking conference with a dual-theme on the Belt and Road Initiative and Bay Area development at the Hong Kong Convention and Exhibition Centre, with the participation of government officials and trade members from Mainland provinces/cities and Belt and Road countries/regions, with a view to promoting the exchange of information amongst governments, and matchmaking and co-operation amongst travel trades, from different regions.

As the expenditure and manpower required for the abovementioned initiatives have been subsumed into the provision for and establishment of this Branch and the relevant departments and organisations, it is difficult to break down and quantify them separately.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)036

(Question Serial No. 2577)

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:

This year the Bureau will support the Travel Industry Council of Hong Kong in developing a new web-based tourism resource platform about Belt and Road countries and Bay Area cities, and arranging visits for Hong Kong travel agents to the Bay Area to deepen co-operation with the Mainland trade and open up related business opportunities.

1. What are the estimated manpower and funding for the two aforesaid initiatives respectively?
2. What are the details of the initiative of developing a new web-based tourism resource platform about Belt and Road countries and Bay Area cities? What is the progress of the preparatory work? When is the expected time for launching the platform?
3. What are the details of the plan presently for arranging visits for Hong Kong travel agents to the Bay Area to deepen co-operation with the Mainland trade and open up related business opportunities? Initially what counties and areas are included? What is the expected timetable?

Asked by: Hon CHOW Ho-ding, Holden (Member Question No. (LegCo use): 40)

Reply:

The Government has allocated a provision of \$3 million in the 2018-19 Budget for supporting the Travel Industry Council of Hong Kong (TIC) in developing a new web-based tourism resource platform about the Belt and Road countries and Bay Area cities, so as to provide relevant information and facilitate the trade's development of more tourism products. The Government will start preparations with TIC, including formulating the platform's content and implementation details.

In addition, to help the trade grasp the opportunities brought about by the upcoming commissioning of the Hong Kong-Zhuhai-Macao Bridge and the Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link, the Government has allocated a provision of \$1 million in the 2018-19 Budget for supporting TIC to arrange visits for Hong Kong travel agents to different cities of the Bay Area to deepen co-operation with the Mainland trade and open up related business opportunities. The Government will start preparations with TIC, including drawing up the itineraries and other details.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)037

(Question Serial No. 2578)

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. Tourism expenditure associated with inbound tourism showed an upward trend over the past year, and the Hong Kong Tourism Board (HKTb) expects the increase to continue in 2018. However, the per capita expenditure of overnight visitors showed a downward trend over the past year, and the HKTb expects the decrease to continue in 2018. What are the reasons?
2. What specific new measures will the HKTb introduce this year to encourage arriving visitors to extend their length of stay?

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

Reply:

1. Visitor's spending is influenced by a host of factors, including changes in visitor spending patterns, global economy, regional economic development, exchange rates and fluctuation of hotel room rates, etc. According to initial data as at January 2018, per capita spending (PCS) by overnight visitors in 2017 is \$6,447, down by 2.3% over 2016. A key factor is that a changing spending pattern of overnight visitors, particularly those from the Mainland, was evident. Their preferred purchases changed from primarily luxury goods to mainly daily commodities. On the other hand, visitors' preferred mode of travel also switched from focusing on shopping and dining to in-depth travel experiences that reveal the local lifestyle, history and culture. Furthermore, the increasing popularity of online shopping also has its impact on visitors' spending patterns and expenditures.

As the aforementioned trend is expected to prevail in 2018, the Hong Kong Tourism Board (HKTb) projects that per capita spending of visitors will decrease by 1.5% to \$6,347 in 2018. However, as we expect the total overnight visitor arrivals to grow by

3.6%, the Tourism Expenditure Associated to Inbound Tourism is expected to increase by 1.7% to reach \$306.58 billion.

2. The HKTb has always strived to attract high-yield overnight visitors to extend the total visitor's length of stay. In 2018-19, the HKTb's total marketing budget is estimated to be \$401.2 million, excluding the additional funding allocated to the HKTb by the Government as stated in the Budget, of which \$157 million will be invested in visitor source markets to drive overnight arrivals. Of the allocated \$157 million, the HKTb will invest 76% in international markets, 53% 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 10% will be invested in new markets with focuses on Indian and Russian 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.

In addition, the HKTb will roll out extensive promotions in the Mainland and overseas to leverage the commissioning of the Hong Kong-Zhuhai-Macao Bridge and the Hong Kong Section of Guangzhou-Shenzhen-Hong Kong Express Rail Link (XRL), with an aim of attracting more Mainland overnight visitors from non-South China regions with the extensive network of the XRL. It is also our aim to take advantage of the brand new transport infrastructure to further strengthen Hong Kong's crucial role as the Mainland's southern gateway, attracting more international travellers to make Hong Kong part of their multi-destination itineraries.

Riding on the opportunities brought by the development of the Guangdong-Hong Kong-Macao Bay Area and the Belt & Road initiative, the HKTb will capitalise on the "Guangdong, Hong Kong & Macau Tourism Promotion" platform and step up joint promotions with tourism organisations of cities along the Belt and Road region to actively drive the development of multi-destination travel and entice more overnight visitors.

At the same time, by promoting Meetings, Incentives, Conferences and Exhibitions (MICE) and cruise tourism, the HKTb strives to attract more strategic and large-scale MICE events to take place in Hong Kong, as well as attracting more ship calls, so as to bring in more overnight visitors.

Besides, the brand new programme "Old Town Central" launched last year received positive feedbacks from visitors and travel trade and was considered to be beneficial to promote history, heritage and cultural tourism, as well as to extend visitors' length of stay in Hong Kong to discover different districts like locals do. The HKTb will continue to update and enrich the content of "Old Town Central" and will extend the programme model to other districts, such as the Sham Shui Po district promotion to be launched in the first half of this year. With a theme of "living museum", the programme will showcase the lifestyle of ordinary Hong Kong people in terms of clothing, dining, living and urban walks. The HKTb hopes to extend the programme to six to seven districts in the next few years.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)038

(Question Serial No. 2579)

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 the respective annual figures on rooms supplied by local hotels, guesthouses, holiday flats and licensed caravans over the past 3 years. Please tabulate the figures by Hong Kong Island, Kowloon and the New Territories (including Islands).
- (2) Please set out the respective annual average occupancy rates of each type of rooms over the past 3 years.
- (3) In the coming 3 years, how many new hotels are scheduled to be completed each year? Please provide the respective annual figures on rooms to be supplied by local hotels, guesthouses, holiday flats and licensed caravans in the coming 3 years. Please tabulate the figures by Hong Kong Island, Kowloon and the New Territories (including Islands).

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

Reply:

- (1) According to the statistics provided by the Hong Kong Tourism Board (HKTB) and Home Affairs Department, the annual figures on rooms supplied by local hotels, guesthouses, holiday flats and caravans with hotel/guesthouse license over the past 3 years (2015 – 2017) are as follows:

2015	Number of rooms			
	Hotels	Guesthouses	Holiday flats	Caravans with hotel/guesthouse license
Hong Kong Island	24 788	1 999	0	0
Kowloon	31 848	9 314	0	0
New Territories and Island	17 210	399	569	0

2016	Number of rooms			
	Hotels	Guesthouses	Holiday flats	Caravans with hotel/guesthouse license
Hong Kong Island	25 245	1 940	0	0
Kowloon	32 419	9 995	0	0
New Territories and Island	17 204	503	583	0

2017	Number of rooms			
	Hotels	Guesthouses	Holiday flats	Caravans with hotel/guesthouse license
Hong Kong Island	26 017	1 819	0	0
Kowloon	33 779	9 951	0	0
New Territories and Island	19 139	501	585	0

(2) According to the statistics provided by the HKTB, the annual average room occupancy rates of hotels and guesthouses over the past 3 years (2015-2017) are as follows:

Year	Annual average room occupancy rates			
	Hotel	Guesthouse	Holiday flats	Caravans with hotel/guesthouse license
2015	86%	79%	No relevant information	
2016	87%	77%		
2017	89%	80%		

(3) According to the statistics provided by the HKTB, the number of new hotels scheduled to complete in the coming three years (2018 – 2020) by districts are as follows:

2018	Number of new hotels scheduled to complete
Hong Kong Island	7
Kowloon	17
New Territories and Island	5

2019	Number of new hotels scheduled to complete
Hong Kong Island	3
Kowloon	9
New Territories and Island	2

2020	Number of new hotels scheduled to complete
Hong Kong Island	2
Kowloon	1
New Territories and Island	1

In addition, according to the information provided by the HKTb, the annual figures on rooms to be supplied by local hotels by districts in the coming 3 years are as follows:

2018	Number of rooms			
	Hotels	Guesthouses	Holiday flats	Caravans with hotel/guesthouse license
Hong Kong Island	28 140	No relevant information		
Kowloon	36 496			
New Territories and Island	20 627			

2019	Number of rooms			
	Hotels	Guesthouses	Holiday flats	Caravans with hotel/guesthouse license
Hong Kong Island	28 475	No relevant information		
Kowloon	37 818			
New Territories and Island	21 623			

2020	Number of rooms			
	Hotels	Guesthouses	Holiday flats	Caravans with hotel/guesthouse license
Hong Kong Island	28 866	No relevant information		
Kowloon	38 272			
New Territories and Island	23 173			

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)039

(Question Serial No. 2605)

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 2018-19 under Programme (7) of this Head, on “promote the development of cruise tourism and reinforce Hong Kong’s position as a leading cruise hub in the region”, will the Government:

1. specify the top 5 key source markets (regions or countries) with visitor growth in the past 3 years and the expenditure incurred by the related initiatives; and
2. explain whether consideration will be given to expanding the area used for retail purposes in the Kai Tak Cruise Terminal (KTCT) so as to increase visitor flow? If not, please specify if any mechanism is in place to assess whether the KTCT and the Ocean Terminal (OT) have met their targets in respect of resource allocation and visitor growth.

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

Reply:

1.

The Hong Kong Tourism Board’s (HKTb) major initiatives in the past three years for promoting cruise tourism include –

(i) *Raise consumer demand for cruise travel and develop cruise markets*

- Raise consumers’ interest in and demand for cruise travel by launching publicity and promotion campaigns targeting consumers in various source markets through digital marketing, social media, public relations initiatives and collaboration with the trade.

(ii) Strengthen regional collaboration through the Asia Cruise Cooperation (ACC)

- Strive to expand the ACC by inviting more ports in the region to participate, while at the same time, enlarge the scope of collaboration. In the past, the focus was on promotion targeting cruise companies to encourage them to include the ACC ports in their cruise itineraries. With the expanded scope of collaboration, the ACC will reach out to consumers through joint promotion in key source markets, with a view to inducing more consumers to choose cruise travel products that cover the ACC ports, in particular Hong Kong.

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

- Strengthen ties with the management of international cruise companies, in particular those that are interested in developing the Asian market, as well as to introduce to them the latest situation and development potential of Hong Kong in cruise tourism.

In 2018-19, the Government will allocate an additional provision of \$14 million for the HKTb to ensure the sustainable growth of cruise tourism by leveraging on the strengths of Hong Kong, consolidating the established diversified source markets, as well as seizing the opportunities brought about by the commissioning of the cross-boundary transport infrastructure. Specific initiatives include continuing with the promotion on “fly-cruise” tourism; seizing the opportunities brought about by the upcoming commissioning of the Guangzhou-Shenzhen-Hong Kong Express Rail Link (XRL) by encouraging the trade to launch travel products that bundle XRL with cruise travel; and launching promotion campaigns targeting some of the Mainland cities along the express railway network, with a view to cultivating more source markets and increasing the depth of market penetration. In addition, the HKTb will leverage on the competitive advantages of Hong Kong in terms of tourist attractions to launch special offer packages that cover cruise and attractions, with a view to further consolidating the source markets thereat in southern China.

The top 5 source markets with the highest growth in the past three years in terms of visitor throughput to Hong Kong are Southeast Asia, mainland China, Taiwan, Australia and the United States. The expenditures of the HKTb for promoting cruise tourism in the past three years are tabulated below.

Year	Actual expenditure in 2015-16	Actual expenditure in 2016-17	Estimates in 2017-18
Expenditure for promoting cruise tourism	\$14.21 million	\$20.69 million	\$31.50 million

Since HKTb puts in its efforts in promoting cruise tourism by region (for instance, the same initiative could cover several source markets at the same time), it is difficult to quantify them separately for individual source markets.

2.

The Kai Tak Cruise Terminal (KTCT) is a purpose-built infrastructure and is designed to cater for the cruise-specific functional and operational purposes. Therefore, cruise businesses and operations take priority in the design and layout of the KTCT. Its ancillary commercial areas are also mainly to support cruise operations and are not meant to be a shopping mall. Back in 2010, we have already presented the layout of the KTCT to the Legislative Council, including the total area and locations of the ancillary commercial areas. In order to increase the commercial area of the KTCT, substantial alteration to the existing layout and design must be carried out, which would involve large-scale works and would inevitably affect the daily operation of the KTCT. We have already arranged the setting up of small-scale pop-up stores at the passenger waiting halls of the KTCT during the days with ship calls for selling souvenirs and drinks. This serves to increase the retail space at the KTCT without compromising the cruise operation.

The Ocean Terminal located at Tsim Sha Tsui is a private cruise berthing facility. Its development and operation do not involve resources from the Government. On the other hand, the KTCT, commissioned in mid-2013, is a Government infrastructure and is currently managed by a terminal operator on commercial basis. The business of the KTCT has been growing steadily in the past few years with its number of ship calls increased from 9 in 2013 to 186 in 2017. This has driven the total number of ship calls in Hong Kong as a whole to increase from 89 in 2013 to 245 in 2017. The total passenger throughput in Hong Kong as a whole has also increased from around 200 000 in 2013 to over 900 000 in 2017. Back in the earlier years when the Government was considering the construction of the KTCT, the Government projected that the number of ship calls and cruise passenger throughput in Hong Kong as a whole would range from 181 to 258 and from 564 102 to 1 041 031 respectively by 2023. In other words, the number of ship calls and cruise passenger throughput in Hong Kong as a whole in 2017 have both achieved, ahead of plan, the then projected performance by 2023.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)040

(Question Serial No. 2606)

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 mentioned in Matters Requiring Special Attention in 2018-19 of Programme (3) of this Head that the Government will establish Hong Kong as the commercial hub of Belt and Road, and showcase the city brand of Hong Kong. In this connection, will the Government advise this Committee of:

1. the new measures carried out or will be carried out in support of the above initiatives in 2016-17 and 2017-18, as well as the expenditure involved in tabulated form. If new supporting measures are not involved, please explain in detail;
2. the details and relevant expenditure, in tabulated form, on efforts to expand the database of Hong Kong services providers in the last financial year.

Asked by: Hon CHOW Ho-ding, Holden (Member Question No. (LegCo use): 30)

Reply:

In 2016-17 and 2017-18, the Hong Kong Trade Development Council (TDC) organised a variety of activities to help Hong Kong companies tap business opportunities under the Belt and Road Initiative. Among them, the Government and TDC organised the Belt and Road Summit consecutively in 2016 and 2017. The second Summit held last year attracted over 3 000 distinguished government officials and business leaders from 51 countries and regions, with over 170 investment projects featured and over 210 one-to-one business matching meetings arranged. To help consolidate Hong Kong's market status and its role as the commercial hub for the Belt and Road Initiative, TDC established the Belt and Road Committee late last year. Through its five working groups targeted at different markets and business sectors, the Committee implemented a comprehensive programme for facilitating the participation of various sectors in Belt and Road development so that they could share the potential benefits brought about by the Initiative. TDC also promoted

sectoral opportunities under the Belt and Road Initiative in other large-scale events; organised outbound missions to countries along the Belt and Road to help Hong Kong companies seize business opportunities; and strengthened the content and services of the Belt and Road Portal, including providing actual case references on services that can be provided by Hong Kong companies in countries along the Belt and Road, as well as expanding the database on Hong Kong service providers by adding content on key industry players in risk management, environmental and related technology sectors.

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

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)041

(Question Serial No. 2607)

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 Financial Secretary announces in paragraph 106 of the 2018 Budget that the Government will support the trade in exploring tourism business opportunities arising from the Belt and Road Initiative, the development of the Bay Area, as well as the commissioning of the Guangzhou-Shenzhen-Hong Kong Express Rail Link (XRL) and the Hong Kong-Zhuhai-Macao Bridge (HZMB). In this connection, will the Government advise this Committee of:

1. the respective measures for supporting the trade in exploring business opportunities arising from the Belt and Road Initiative, the development of the Bay Area, as well as the commissioning of XRL and HZMB, and the expenditure involved in tabulated form;
2. the new measures in support of the above initiatives in 2018-19 and the relevant expenditure.

Asked by: Hon CHOW Ho-ding, Holden (Member Question No. (LegCo use): 31)

Reply:

In 2018-19, measures for supporting the trade in exploring business opportunities arising from the Belt and Road Initiative, the development of the Bay Area, as well as the upcoming commissioning of the Hong Kong Section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link (XRL) and the Hong Kong-Zhuhai-Macao Bridge (HZMB), and the expenditures involved are as follows –

Opportunities	Measure	Expenditure Involved
Belt and Road Initiative and/or Development of the Bay Area	<i>Tourism Co-operation Forum cum Business Matchmaking Conference</i>	
	In December 2018, Hong Kong will, under the support of the former China National Tourism Administration (which merged with the Ministry of Culture to form the Ministry of Culture and Tourism in March 2018), organise a tourism co-operation forum cum business matchmaking conference with a dual-theme on the Belt and Road Initiative and Bay Area development at the Hong Kong Convention and Exhibition Centre, with the participation of government officials and trade members from Mainland provinces/cities and Belt and Road countries/regions, with a view to promoting the exchange of information amongst governments, and matchmaking and co-operation amongst travel trades, from different regions.	The Government has allocated a provision of \$15 million in the 2018-19 Budget for supporting the relevant work.
	<i>Tourism Resource Platform</i>	
	The Government will support the Travel Industry Council of Hong Kong (TIC) in developing a new web-based tourism resource platform about Belt and Road countries/regions and Bay Area cities, so as to provide relevant information and facilitate the trade's development of more tourism products. The Government will start preparations with TIC, including formulating the platform's content and implementation details.	The Government has allocated a provision of \$3 million in the 2018-19 Budget for supporting the relevant work.
	<i>Trade Visits</i>	
	The Government will support TIC to arrange visits for Hong Kong travel agents to different cities of the Bay Area to deepen co-operation with the Mainland trade and open up related business opportunities. The Government will start preparations with TIC, including drawing up the itineraries and other details.	The Government has allocated a provision of \$1 million in the 2018-19 Budget for supporting the relevant work.

Opportunities	Measure	Expenditure Involved
Upcoming commissioning of the XRL and HZMB	<i>Publicity and Promotion</i>	
	In view of the upcoming commissioning of the XRL and HZMB, the Hong Kong Tourism Board (HKTb) plans to conduct publicity through various channels in Mainland China and overseas.	The HKTb's total marketing budget for overseas markets in 2018-19 is \$157.1 million, which includes expenditures on publicity work with regard to the two infrastructures. In addition, the Government has allocated an additional funding to the HKTb as stated in the Budget. The HKTb will use about \$10 million of the additional funding to step up publicity and promotion upon the commissioning of the two infrastructures.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)042

(Question Serial No. 5059)

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 unprecedented allocation of a total of over \$310 million to the Ocean Park in supporting its development of education and tourism projects as mentioned in the Budget Speech, please advise on:

- (1) the distribution of the expenditure for each of the coming 5 years;
- (2) the methods by which the expenditure of over \$300 million is calculated;
- (3) the number of people to be benefited and who will be benefited; whether "local students" refer to primary, secondary or university students as the Ocean Park plans to distribute complimentary admission tickets to local students; whether supply will fall short of demand and whether the arrangement is fair to those students who are not interested;
- (4) whether the Government will consider the allocation as the expenditure of the Commerce and Economic Development Bureau; if yes, of the reasons and whether it will be a continual expenditure;
- (5) why the fund is not directly injected to the Ocean Park under Head 708 of the Capital Works Reserve Fund if the answer to (4) is yes.

Asked by: Hon CHU Hoi-dick (Member Question No. (LegCo use): 207)

Reply:

We announced in the 2018-19 Budget that a total of \$310 million would be allocated in the next few years to support the Ocean Park in developing education tourism projects and staging a new 3D projection-cum-water light show with local elements. These two items are not capital works items, but time-limited measures to be implemented in the coming 5 years (2018-19 to 2022-23). The initial estimated annual expenditure is as follows –

Financial Year	2018-19 (\$ million)	2019-20 (\$ million)	2020-21 (\$ million)	2021-22 (\$ million)	2022-23 (\$ million)
Estimated Expenditure	26.3	61.8	103.2	89.2	29.5

The allocation of \$310 million is a time-limited measure for 5 years under Programme (6) of this Head. The Ocean Park is an important tourist attraction in Hong Kong. Having considered its substantial experience in launching conservation-cum-edutainment programmes, we believe allocating funds to the Park to promote education tourism in the form of partnership would be beneficial to the tourism and economic development and strengthen Hong Kong's position as a premier destination for family visitors. Meanwhile, the Ocean Park will also utilize their own resources to upgrade the Park's facilities and step up promotion efforts in the major source markets. It would enhance the attractiveness of the new programmes to the tourists in the region and tie in with our policy objective of attracting high-yield overnight visitors. The aforementioned Government funding does not include the distribution of complimentary admission tickets by the Ocean Park.

The Ocean Park's plan to distribute 10 000 complimentary admission tickets to primary and secondary school students is mainly aimed at benefiting local students by providing more opportunities for them to take part in the Park's education tourism projects and activities. On the distribution arrangements for the complimentary admission tickets, the Ocean Park plans to work on a school basis, such as through those who organise nature conservation-related or community service activities. The Park will announce the details in due course.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)043

(Question Serial No. 5107)

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 10 000 admission tickets to be distributed to students by the Ocean Park as mentioned in the Budget, please advise this Committee on:

1. the Government's objectives in designating the Ocean Park as the body to be granted the allocation; and
2. the reasons why the Ocean Park is capable of providing animal education and its effectiveness, given that the Ocean Park has long been criticised by conservation and animal groups for keeping animals in captivity and staging animal performances to attract tourists.

Asked by: Hon CHU Hoi-dick (Member Question No. (LegCo use): 247)

Reply:

The Ocean Park is an important tourist attraction in Hong Kong. Having considered its substantial experience in launching conservation-cum-edutainment programmes, we believe allocating funds to the Park to promote education tourism in the form of partnership would be beneficial to the tourism and economic development and strengthen Hong Kong's position as a premier destination for family visitors. Meanwhile, the Ocean Park will also utilize their own resources to upgrade the Park's facilities and step up promotion efforts in the major source markets. It would enhance the attractiveness of the new programmes to the tourists in the region and tie in with our policy objective of attracting high-yield overnight visitors.

We note that the Ocean Park has all along been working closely with the Agriculture, Fisheries and Conservation Department to safeguard the welfare and quality of care for its animals. We trust that the Ocean Park will continue to utilize its professional expertise, knowledge and facilities to raise public awareness of conservation and promote the importance of conservation.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)044

(Question Serial No. 0166)

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 TDC will set up new overseas offices in 2018-19, particularly in emerging markets to facilitate local small and medium enterprises to explore business opportunities and expand their operations. If yes, what is the number and are the respective 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. (LegCo use): 17)

Reply:

In 2018-19, the Hong Kong Trade Development Council plans to set up consultant offices in Kazakhstan, Kenya and Saudi Arabia to support its promotional activities and help Hong Kong companies expand their business in these regions. In 2018-19, the total expenditure of the new offices is budgeted at around \$2 million.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)045****(Question Serial No. 0167)**

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, in table form, of the effectiveness of the work undertaken by the TDC to assist Hong Kong SMEs in exploring business opportunities in the past 3 years and the respective expenditures involved. In Matters Requiring Special Attention in 2018-19, it is no longer mentioned by the Government of the assistance to SMEs. Please set out separately the specific measures or plans to help SMEs capture business opportunities in the coming year, the expenditure for implementation of these measures or plans and the expected outcomes.

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

Reply:

In the past few years, the Hong Kong Trade Development Council (TDC) strived to help Hong Kong companies tap e-commerce and e-tailing opportunities.

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 1.8 million registered buyers, and facilitated over 24 million business connections annually. TDC has also collaborated with a number of e-tailers to set up online Design Gallery shops or pages on various online platforms, offering products such as fashion accessories, jewellery, watches, gifts, houseware, consumer electronics, food products, etc.

With signs of a more sustained growth momentum in both mature and emerging markets in 2017 and growing interest worldwide in the Belt and Road Initiative, TDC has refined its objectives in 2018-19 to reflect the new developments.

To help Hong Kong companies capitalise on opportunities arising from new retail and consumption trends, TDC will step up its collaboration with renowned e-tailers to help Hong Kong companies tap into the fast-growing global e-tailing market, particularly ASEAN and other emerging markets. TDC will connect Hong Kong brands to e-tailers through customised business matching and networking activities, and set up Hong Kong zones in leading regional e-tailing platforms for Hong Kong brand products. During international fashion weeks, TDC will engage m-commerce or e-tailing platforms for the “See Now, Buy Now” business model to promote Hong Kong fashion.

In March 2018, TDC launched a brand new start-up development programme which helps start-ups with network building, market development and funding . Key activities include organising training workshops, meetings with business leaders, missions to Mainland and Asian cities, local exhibitions and overseas trade promotion events, etc. TDC will also develop a start-up portal and build an online community featuring star mentors. TDC will launch “Startup-Plus” for start-ups which have been operating for over three years and having attained a certain scale, to provide them a special pricing package for participating in TDC’s exhibitions and promotional services.

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

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)046****(Question Serial No. 0168)**

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 last financial year, the work of Hong Kong Trade Development Council (TDC) included promoting Hong Kong as a platform for doing business with the Mainland and throughout Asia and the world. For 2018-19, “and the world” is deleted and “as a commercial hub for the Belt and Road Initiative” is added instead. Would the Government inform this Committee whether there is any new work plan? What has been achieved by TDC in this regard in 2017-18? What was the expenditure involved? Other than works related to the Belt and Road Initiative, there may be changes in the global economy in this year. What is TDC’s specific strategy to promote Hong Kong as a commercial hub for doing business throughout the world in 2018-19? What are the details of the estimated expenditure, staff establishment and expected results? Is additional manpower required?

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

Reply:

In 2017-18, to promote Hong Kong as a business platform connecting the Mainland and Asia, the Hong Kong Trade Development Council (TDC) organised around 850 events to promote Hong Kong trade and services, with close to 80 000 companies participated. Major events included various large-scale trade fairs and services conferences in Hong Kong; *SmartHK* in Fuzhou, the Mainland; *In Style • Hong Kong* in Kuala Lumpur, Malaysia; and *Think Asia, Think Hong Kong* in London, the United Kingdom. These events were well received and attended by a total of about 8 000 business leaders and corporate representatives.

With signs of a more sustained growth momentum in both mature and emerging markets in 2017 and growing interest worldwide in the Belt and Road Initiative, TDC has refined its objectives in 2018-19 to reflect the new developments. To reinforce Hong Kong’s role as a

two-way investment and business hub of Asia, TDC will explore business opportunities for Hong Kong companies by penetrating into markets with high growth potential and further enhancing business matching services. As such, TDC will organise various events, such as *Think Global, Think Hong Kong* in Tokyo, Japan to promote Hong Kong's city brand and overall business advantages. It will also organise *In Style • Hong Kong* in Ho Chi Minh City, Vietnam to promote Hong Kong's professional services and brands.

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

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)047****(Question Serial No. 0169)**

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) mentioned in 2016-17 that it would “provide comprehensive development and training programmes to assist Hong Kong companies penetrating new markets and niche sectors”. However, such work is no longer mentioned for 2017-18 and this financial year. Please inform this Committee whether TDC is no longer assisting Hong Kong companies in developing new markets and exploring niche industries. For 2018-19, it is mentioned that training programmes and workshops will be provided to assist Hong Kong companies in enhancing their capabilities. What are the details of the work in this respect? What is the expenditure? What are the expected achievements? Please set out the details in table form.

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

Reply:

In 2018-19, the Hong Kong Trade Development Council (TDC) will continue to help Hong Kong companies develop emerging markets and explore niche industries. On the promotion of business opportunities in innovation and technology as well as the silver market, key initiatives include:

- Organise *SmartHK* in Hangzhou, with new elements such as smart supply chain, fintech and starting up business, and find investment funding for start-ups;
- Organise a technology mission to South Korea focusing on artificial intelligence, robotics and automation;
- Stage a Hong Kong Pavilion at *China Aid* or other relevant trade fairs targeting the silver market on the Mainland, and
- Organise a food mission to Japan to help Hong Kong traders source healthy and functional foods for the rapidly growing Mainland market.

In March 2018, TDC launched a brand new start-up development programme which helps start-ups with network building, market development and funding. Key activities include organising training workshops, meetings with business leaders, missions to Mainland and Asian cities, local exhibitions and overseas trade promotion events, etc. TDC will also develop a start-up portal and build an online community featuring star mentors. TDC will launch “Startup-Plus” for start-ups which have been operating for over three years and having attained a certain scale, to provide them a special pricing package for participating in TDC’s exhibitions and promotional services.

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

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)048

(Question Serial No. 0171)

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 work of the Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch) includes “implementing recommendations of the Working Group on IP Trading to promote Hong Kong as a premier IP trading hub in the region”. Please advise this Committee of the achievements made in promotion of IP trading in the past year and the expenditure involved. How many resources will be allocated to the promotion of IP trading in 2018-19? What are the concrete measures and the timetable of implementation?

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

Reply:

The Government accepted in March 2015 the recommendations of the Working Group on IP Trading and has since been working in full swing in collaboration with stakeholders on implementation of the relevant measures. Key items of the progress made so far and the future work plan are as follows:

- the Patents (Amendment) Ordinance 2016 has been enacted to provide the essential legal framework for the establishment of the “Original Grant” patent (OGP) system. We are pressing ahead with preparations on various fronts with a view to rolling out the OGP system in 2019 the earliest;
- the Government has decided to implement the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks in Hong Kong. We are preparing legislative proposals to amend the Trade Marks Ordinance, with

a view to providing the essential legal framework for implementation of the Madrid System in Hong Kong;

- we have already introduced the Inland Revenue (Amendment) (No. 2) Bill 2018 into the Legislative Council (LegCo) for first and second readings on 11 April 2018. We will seek to secure early passage of the Bill by LegCo, so as to expand the scope of profits tax deductions for capital expenditure incurred for the purchase of IP rights from the existing five types of IP rights to eight types;
- the Arbitration (Amendment) Ordinance 2017 put forward by the Department of Justice (DoJ) has been enacted to clarify that IP disputes could be settled by arbitration. IPD will continue to support DoJ in promoting the resolution of IP disputes by way of arbitration and mediation;
- the Government has been co-organising the Business of IP Asia Forum with the Hong Kong Trade Development Council and the Hong Kong Design Centre since 2013. The 2017 Forum attracted over 2,500 participants from 35 countries and regions. The 2018 Forum will be held on 6 and 7 December 2018;
- IPD has launched the IP Manager Scheme for small and medium enterprises (SMEs) since May 2015 with a view to increasing their knowledge on IP and its commercialization. IPD has organised 6 training programmes with more than 1 100 attendees from over 720 enterprises up to March 2018, and will continue to run the scheme;
- IPD has officially launched the free IP Consultation Services Scheme for SMEs since September 2016. IPD has completed over 130 consultation sessions up to March 2018; IPD also launched in April 2016 the “IP Manager Practical Workshop” for those who have joined the training programmes. IPD has, up to March 2018, run ten workshops with over 330 attendees;
- IPD has, in collaboration with the Law Society of Hong Kong, produced two booklets on “IP Audit and Due Diligence” and “IP Licensing”, which were published in 2017; and
- IPD produced a new set of TV Announcement of Public Interest in 2017 to strengthen the promotion of IP trading.

Among the above measures, items involving enhancement of the IP protection regime and legislative amendment exercise are part of Government’s regular work, and hence have been and will continue to be funded from within existing resources. As regards specific new measures such as the provision of support services to SMEs, manpower capacity training, and publicity work, CITB has set aside provision for 3 years from 2015-16 to 2017-18 for their implementation during the above period. To sustain these efforts, IPD’s recurrent provision will be increased by \$5.4 million as from 2018-19 to facilitate the Department in planning and carrying out work on IP trading on a long term basis .

In addition, the Commerce, Industry and Tourism Branch will convert one time-limited post (at the rank of Chief Executive Officer) into a permanent post from 2018-19 onwards to strengthen its capacity in coordinating and overseeing the promotion of IP trading.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)049

(Question Serial No. 0172)

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 2018–19 under this Programme of the Commerce, Industry and Tourism Branch include strengthening 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 advise this Committee of the effectiveness of the relevant work in 2017-18 and the expenditure involved. What are the new plans or specific initiatives, work objectives or anticipated results and the expenditure to be involved for such work in 2018-19?

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

Reply:

Invest Hong Kong (“InvestHK”) under the Commerce, Industry and Tourism Branch completed a total of 402 investment projects in 2017. In 2018-19, 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, so as to tap on the business opportunities arising from the Belt and Road Initiative and Guangdong-Hong Kong-Macao Bay Area development.

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 2018-19, InvestHK plans to organise investment promotion seminars in various high-growth Mainland cities such as Beijing, Chengdu, Guangzhou and Xiamen, 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 maintain its close partnership with the Taiwan business community and conduct investment promotion visits in various Taiwan cities, with the support of its Investment Promotion Unit stationed in the Hong Kong Economic, Trade and Cultural Office in Taiwan.

InvestHK also plans to conduct a series of investment promotion visits to target markets including Southeast Asia, India and the Middle East to underline Hong Kong's business advantages and to attract more companies to set up businesses in Hong Kong. InvestHK will also maintain liaison with consulates and chambers of commerce to connect with those overseas companies that have set up in Hong Kong to facilitate their business expansion.

InvestHK's estimated actual expenditure incurred in 2017-18 and the estimated expenditure in 2018-19 for organising the abovementioned investment promotion activities are \$40 million and \$41 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)050

(Question Serial No. 0173)

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 the Financial and Staffing Provision under Programme (2) of the Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch), provision for 2018-19 is \$341.3 million (132.1%) higher than the revised estimate for 2017-18. This is mainly due to the increase in cash flow requirement for the SFGS – Special Concessionary Measures and the Professional Services Advancement Support Scheme and the provision to the Belt and Road Office and the Single Window Project Management Office, the increased estimate for the subscription to the WTO and increase in departmental expenses. In parallel, 15 posts will be created. Please inform this Committee of the details of the above increase in expenditure and posts, and what areas of work are tasked by the 15 additional posts?

Asked by: Hon CHUNG Kwok-pan (Member Question No. (LegCo use): 4)

Reply:

The original estimated under Programme (2) for 2018-19 is \$341.3 million (+132.1%) higher than the revised estimate for 2017-18. The increase is largely due to -

- Increase of \$277 million in cash flow requirement for the Special Concessionary Measures under SFGS. Under the Measures, 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 necessary out-of-pocket expenses. The actual cash flow requirements under the Measures may fluctuate every year. For 2018-19, it is expected that there is an increase in cash flow requirement for the Measures.

- Estimated increase of \$17.9 million for personal emoluments arising from filling vacant posts and the need to cater for the impact of pay rise.
- Increase of \$10 million in cash flow requirement for the PASS. The actual cash flow requirement depends on the number of applications approved and the amount granted. With the launch of more funded projects and our ongoing promotion work, more applicants are expected to submit funding applications in 2018-19, leading to an increase in the expected expenditure.
- Increased provision of \$8.65 million to the Single Window Project Management Office (SWPMO), to strengthen manpower support for pressing ahead the implementation of the Trade Single Window project. The sum comprises personal emoluments required for additional posts and other related operating expenses.
- Estimated increase of \$5.89 million for the subscription to the WTO.
- Increased provision of \$4.1 million to the Belt and Road Office, to take forward the work on the Belt and Road Initiative more effectively and on a sustained basis.

In addition, 15 posts are planned for creation in 2018–19, with details set out below -

- 5 posts in BRO, including 1 directorate grade post (time-limited for five years), 2 Trade Officer grade posts, and 1 Personal Secretary post (time-limited for five years) to take forward the work on the Belt and Road Initiative more effectively and on a sustained basis.
- 8 time-limited posts for five years in SWPMO, including 1 directorate grade post, 1 Administrative Officer grade post, 5 Analyst/Programmer grade posts and 1 Clerical Officer grade post. These new posts seek to strengthen manpower support for the SWPMO to press ahead the implementation of the Trade Single Window project, particularly on the information technology, policy and legislative fronts, so as to ensure smooth implementation of the project in phases.
- 1 time-limited Engineer grade post for two years to assist in planning new convention and exhibition facilities.
- 1 Analyst/Programmer grade post to strengthen support in overseeing the network infrastructure and IT security-related matters of CITB and overseas Economic and Trade Offices

For the purpose of preparing the 2018-19 estimates of expenditure, a total provision of \$12.198 million has been reserved for the personal emoluments of the above 15 posts.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)051

(Question Serial No. 0174)

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 Matters Requiring Special Attention under this Programme, 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 financial year of 2018-19? 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. (LegCo use): 5)

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. Hong Kong and the Mainland signed the Investment Agreement and the Agreement on Economic and Technical Cooperation under CEPA in June 2017 to enhance CEPA in line with a modern and comprehensive free trade agreement, covering four major areas, namely trade in goods, trade in services, investment, and economic and technical cooperation. The HKSAR Government is discussing with the Mainland authorities to continue to enrich the content of CEPA and to further promote and facilitate trade between the two places.

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)052

(Question Serial No. 0175)

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 mentioned under Matters Requiring Attention in 2017-18, 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 2017-18? 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 2018-19? Are there any specific work plans?

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

Reply:

In 2017-18, the Government continued to actively pursue regional economic cooperation to strengthen trade and economic relations with our major trading partners in the region. Two main areas of work were: (1) participation in the Asia-Pacific Economic Cooperation (APEC) activities; and (2) free trade agreements (FTAs) and economic and trade cooperation arrangements.

(1) APEC

APEC's primary goal is to achieve trade and investment liberalisation and facilitation for economic cooperation and growth. Trade between Hong Kong and other APEC member economies accounts for some 80% of Hong Kong's external trade value. Participating in APEC is an ideal avenue for Hong Kong to promote collaboration with other member economies on various trade and economic issues in the region.

With regard to trade facilitation, relevant work which APEC promotes, such as simplifying customs procedures, enhancing business mobility through the APEC Business Travel Card, promoting electronic commerce etc. can help improve the region's business environment by saving business costs and time.

To further deepen regional economic integration and enhance trade and investment liberalisation, 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. 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, Hong Kong will participate actively in the FTAAP 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 2016, which sets out actions and goals to be attained by 2025. In this regard, Hong Kong will work closely with other member economies to promote services trade and investments in the region, and to enhance the competitiveness of the services industry.

APEC member economies are also committed to attaining the Bogor Goals of free and open trade and investment by 2020. Hong Kong will participate actively in the related work and assist APEC in shaping the Post-2020 vision.

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

In 2018-19, 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. As regards the FTA between Hong Kong and the Member States of the European Free Trade Association (EFTA), and the FTA between Hong Kong and Chile, they entered into force in end-2012 and October 2014 respectively and have been operating smoothly.

Hong Kong and Macao signed a Closer Economic Partnership Arrangement in October 2017, which took immediate effect. The liberalisation of trade in goods and services provided for therein was implemented in January 2018. Hong Kong also forged an FTA and an Investment Agreement with the Association of Southeast Asian Nations (ASEAN) in November 2017. The two agreements will enter into force on 1 January 2019 the earliest, for the parties (which must include Hong Kong and at least four ASEAN Member States) that have completed their internal procedures by then. Hong Kong has proceeded with the

relevant procedures and will maintain close liaison with the ASEAN Member States with a view to implementing the two agreements as planned.

Besides, we are actively negotiating FTAs with Australia and the Maldives, and have scheduled to sign an FTA with Georgia in June this year.

Forging FTAs with trading partners will not only enhance market access for Hong Kong's goods, services and investments to these markets with better treatment, 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

(Question Serial No. 0176)

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 2018-19 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 such changes? What are the expenditure and manpower involved?

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

Reply:

In 2017-18, 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 to provide funding support to individual enterprises and non-profit-distributing 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 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 and measures on facilitating investment and business operations have been announced, including the "Guangdong Province's Certain Measures and Policies on Lowering Enterprise Cost in Manufacturing Industry and Supporting Development of Real Economy" promulgated by the People's Government of Guangdong Province on 20 August 2017, and the "Guangzhou's Implementation Plan on Lowering Enterprise Cost in Real Economy" promulgated by the People's Government of Guangzhou Municipality on 8 September 2017, etc.

In 2018-19, 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)054

(Question Serial No. 0177)

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 2018-19 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 results achieved and expenditure incurred in this regard in 2017-18. 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. (LegCo use): 8)

Reply:

The Commerce, Industry and Tourism Branch is responsible for overseeing the efforts to promote IPR, and the promotion work is mainly taken forward by the Intellectual Property Department (IPD) and the Customs and Excise Department (C&ED).

IPD attaches great importance to the promotion and education work on enhancing the awareness of and respect for IPR. IPD has been taking forward 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). IPD collaborates with various organisations in conducting talks, concerts, competitions and large-scale promotional events, and supports a diversified range of publicity and education activities. IPD also produces Announcements of Public Interest (APIs) from time to time, and launches activities targeting at schools such as interactive drama programmes, interactive tutorial websites, visits to primary and secondary schools as well as seminars in tertiary institutions, etc. to put across the messages of respecting creativity, protecting IPR and stopping online infringement. In 2018-19, IPD will continue to implement the above measures which include:

- (i) broadcasting APIs on television;
- (ii) producing leaflets for distribution at seminars, exhibitions and schools and for uploading onto IPD's website;
- (iii) organising a science lecture and placing supplements in local newspapers targeted at students; and
- (iv) organising a large scale promotion activity for members of the "I Pledge" Campaign.

Apart from the general public, the business sector (including SMEs, business associations, IP intermediaries, etc.) has always been a main target of IPD's promotion and education efforts. In 2018-19, IPD will continue to implement a series of initiatives, and key items include:

- (i) implementing the "IP Manager Scheme" and the free "IP Consultation Service Scheme", and sponsoring and promoting training courses on IP-related subjects organised by professional bodies and business organisations;
- (ii) co-organising the "Business of IP Asia Forum" with the Hong Kong Trade Development Council and the Hong Kong Design Centre;
- (iii) carrying out a survey to understand the manpower situation in respect of IP trading and management, identify skillset requirements and training needs, and forecast the manpower demand, etc. The survey is expected to complete by mid-2018;
- (iv) promoting IP trading and support services through different channels, including websites, exhibitions, seminars, trade magazines and business associations; and
- (v) collaborating with IP authorities on the Mainland to promote IP protection, management and trading to the business sector regarding their businesses on the Mainland (e.g. co-organising activities with the IP authorities of the Guangdong Province such as seminars for SMEs and exchange activities, and disseminating latest information on the IP regimes of Guangdong, Hong Kong and Macao.)

IPD has all along been keeping in touch with the industry and stakeholders, conducting regular surveys on public awareness on IP protection, and collecting feedback from participants of the relevant promotion and education activities, in assessing the effectiveness of the activities and drawing up appropriate promotion strategies and programme plans. The feedback from the industry and stakeholders is positive in overall terms.

In addition, as the law enforcement agency for IPR, C&ED makes on-going efforts to enhance public awareness of IPR through various channels, including seminars and talks organised from time to time in collaboration with IPD, the Consumer Council, industry associations and major business associations. C&ED will continue to organise publicity and education activities to raise the community's awareness of IPR.

Promoting the protection and management of IPR to the business sector (including SMEs) is part and parcel of IPD's overall publicity and education plan. It is therefore difficult to quantify the resources required for such efforts.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)055

(Question Serial No. 0181)

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) for 1 year to 28 February 2019 and continued to monitor its operation. Please advise this Committee of the number of applications under the scheme in the previous year (i.e. 2017-18) and the amounts involved. Which sectors were the main beneficiaries? Has the number of applications been on the rise or decreasing, and what are the reasons? What is the expected situation in 2018-19? Is there any need to increase the amount of expenditure for the scheme?

Asked by: Hon CHUNG Kwok-pan (Member Question No. (LegCo use): 12)

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 until end February 2013, but the application period was subsequently extended five times until end February 2018. The Financial Secretary announced in the 2018-19 Budget the further extension of the application period for the special concessionary measures for another year until end February 2019. 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 2018, the HKMC has received over 14 700 applications and approved over 13 100 of them, involving a total loan amount of about \$52.3 billion and a total guarantee amount of about \$41.8 billion. The number of applications received in 2017 was 1 600, which was around 80% higher than the 2016 figure. This is mainly because the HKMC has introduced a series of measures since 2016 to promote more active use of the special concessionary measures by the SMEs as well as the participating lenders, including enhanced external communications, arranging regular training sessions for bank staff directly involved in the operations of the SFGS, and rolling out a series of refinements at both the application and claim stages based on the views collected from the market.

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	2 917	22.3%
Textiles and clothing	551	4.2%
Electronics	272	2.1%
Plastics	226	1.7%
Printing and publishing	210	1.6%
Others	1 658	12.7%
Non-manufacturing	10 187	77.7%
Trading	6 004	45.8%
Wholesale and retail	1 227	9.4%
Engineering	416	3.2%
Construction	413	3.2%
Transportation/logistics	336	2.6%
Others	1 791	13.5%
Total	13 104	100.0%

As the loan amount 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 application situation in coming 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 SMEs.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)056

(Question Serial No. 0183)

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 of this Programme, 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 2018-19. 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. What is the estimated expenditure for such work in 2018-19? Will the underwriting capacity of the ECIC be further strengthened in response to the global trade environment?

Asked by: Hon CHUNG Kwok-pan (Member Question No. (LegCo use): 21)

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 that applied to the Hong Kong Export Credit Insurance Corporation (ECIC) for new policies in the 2017-18 financial year are as follows:

Financial year 2017-18 (As at 28 February 2018)	
Number of new policy applications	667 applications
Number of new policies issued	290 policies
Total maximum liability of new policies issued	\$3.312 billion
Types of enterprises that have applied for new policies	Major industries are textiles & clothing, electronics & electrical appliances, plastic articles, metallic products and toys.

Note: (1) In the 2017-18 financial year, some policyholders switched their existing policies to Small Business Policy (SBP). The above figures do not cover the 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 policies issued.

In processing claims, ECIC will abide by its claims payment obligation in accordance with the terms and conditions of policies. Policyholders also have to abide by the insurance principles and the terms and conditions of policies, 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 on the cases, and will advise the policyholders to take appropriate loss minimisation actions. Among payment difficulty cases, some were eventually resolved with payment from the buyers and thus no claim payment from ECIC is required, and some claim were rejected because the policyholders had failed to comply with the terms or conditions of the policies concerned. Details on the claim cases handled by ECIC in the 2017-18 financial year are tabulated below:

Financial year 2017-18 (As at 28 February 2018)	
Payment Difficulty cases	174
Claim Payment cases ^(*)	26
Cases Resolved	53
Cases Rejected	13
Cases still under Review	82

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

As ECIC is a self-financing organisation, the Government does not have expenditure estimate for expenditure borne by ECIC on providing export credit insurance to small and medium enterprises.

As at 31 March 2017, the capital and reserves of ECIC stood at \$2.264 billion. The cap on ECIC's contingent liability under contracts of insurance was increased from \$40 billion to \$55 billion in June 2017. ECIC estimates that the new cap on contingent liability would be sufficient to meet the forecast growth of its insured business over the next few years.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)057

(Question Serial No. 0184)

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 matters requiring special attention for the Hong Kong Trade Development Council (TDC) in 2017-18 include: “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; tap business opportunities arising from the 13th Five-Year Plan.” Please advise the effectiveness of the work in the past year and the expenditure involved. In 2018-19, TDC will establish Hong Kong as the commercial hub of Belt and Road; showcase the city brand of Hong Kong; and leverage on the Mainland’s new economic policies, in particular the Guangdong-Hong Kong-Macao Bay Area (Bay Area). What are the specific strategies and plans, the expenditure and manpower to be deployed and what are the anticipated results?

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

Reply:

In 2017-18, the Hong Kong Trade Development Council (TDC) organised a variety of activities to help Hong Kong companies tap business opportunities under the Belt and Road Initiative. Among them, the Government and TDC organised the second Belt and Road Summit, attracting over 3 000 distinguished government officials and business leaders from 51 countries and regions, with over 170 investment projects featured and over 210 one-to-one business matching meetings arranged. To help consolidate Hong Kong’s market status and its role as the commercial hub for the Belt and Road Initiative, TDC established the Belt and Road Committee late last year. Through its five working groups targeted at different markets and business sectors, the Committee implemented a comprehensive programme for facilitating the participation of various sectors in Belt and Road development so that they could share the potential benefits brought about by the Initiative. TDC also promoted sectoral opportunities under the Belt and Road Initiative in other large-scale events; organised outbound missions to countries along the Belt and Road

to help Hong Kong companies seize business opportunities; and strengthened the content and services of the Belt and Road Portal, including providing actual case references on services that can be provided by Hong Kong companies in countries along the Belt and Road, as well as expanding the database on Hong Kong service providers by adding content on key industry players in risk management, environmental and related technology sectors.

In 2018-19, TDC plans to set up consultant offices in Kazakhstan, Kenya and Saudi Arabia, as well as Hong Kong business associations in Brunei, Chile, Korea and Myanmar. In addition, TDC will establish a Belt and Road Global Forum to connect local, Mainland and international organisations and associations to enable them to tap the business opportunities arising from the Belt and Road Initiative through Hong Kong.

The Government and TDC will organise the third Belt and Road Summit on 28 June 2018. The Summit will target at the professional needs of potential investors and focus on the promotion of Hong Kong's strengths in infrastructure financing, risk management, dispute resolution, etc. The duration of the one-to-one business matching session will also be extended from half day to full day. In addition, TDC will continue to organise investment and business missions for Hong Kong companies to cities in the Bay Area and countries along the Belt and Road, including ASEAN countries such as Cambodia, Indonesia, the Philippines, and Vietnam, and explore organising joint overseas missions with Bay Area cities to explore investment and cooperation opportunities.

To strengthen market research and information, TDC will publish market research reports such as *Doing Business in India*, *Infrastructure Opportunities in Russia and Belarus*, etc, and launch a new e-newsletter featuring the latest Belt and Road intelligence and investment opportunities to help businesses grasp new market intelligence.

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

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)058

(Question Serial No. 0185)

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 2018-19 under this Programme that the Commerce, Industry and Tourism Branch will continue its efforts in fostering 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 expected effectiveness?

Asked by: Hon CHUNG Kwok-pan (Member Question No.: (LegCo use):23)

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 2017-18, 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 2017-18 is around \$6.1 million.

In 2018-19, the HKTDC will continue to promote trade ties between Hong Kong and Taiwan through organising different activities such as trade fairs, outbound missions, 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 logistics, e-commerce and licensing, etc. The estimated budget of the HKTDC for trade promotion work targeting Taiwan in 2018-19 is around \$7.3 million.

- On investment promotion, Invest Hong Kong (InvestHK) has been 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 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 2017-18, InvestHK's expenditure on investment promotion work in Taiwan is around \$0.4 million (not including staff costs or other general expenses funded under Head 144).

In 2018-19, 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 2018-19 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 the diverse mega events held in Hong Kong, such as Hong Kong Cyclothon and Hong Kong Wine & Dine Festival, and the district promotion programme "Old Town Central", etc. It also undertakes various promotion initiatives including digital marketing, public relations promotion, partnership with the trade to launch tactical sales of tourism products, consumer activities, etc. The revised estimate of HKTb for the marketing programmes in the Taiwan market in 2017-18 is \$12.1 million. Visitor arrivals from Taiwan exceeded 2.01 million in 2017, on par with 2016.

In 2018-19, HKTb will continue its marketing efforts targeted at the young and family segments in Taiwan. HKTb will join hands with the travel trade, airlines, local hotels and attractions to launch attractive tourism products targeted at families during long school holidays in Taiwan. HKTb will also work with the travel trade to launch attractive themed tourism products alongside mega events, with a view to featuring Hong Kong as a short-haul tourism destination and drawing young visitors to Hong Kong during their short breaks. In addition, 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 HKTb in 2018-19 for the Taiwan market is \$12.2 million.

Regarding cruise tourism, HKTB will continue to leverage the “Asia Cruise Cooperation” (ACC) to co-operate with Taiwan and other neighbouring ports. They will encourage cruise lines to include Hong Kong and other ACC ports in their cruise itineraries, and organise joint promotions to induce more consumers to choose cruise travel products that cover the ACC ports.

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

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)059

(Question Serial No. 0396)

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 1 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. (LegCo use): 24)

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 2018, the HKMC has received over 14 700 applications and approved over 13 100 of them, involving a total loan amount of about \$52.3 billion and a total guarantee amount of about \$41.8 billion. Excluding 70 applications under processing and 1 442 applications withdrawn by lending institutions, the overall success rate of applications is about 99.3%. 97 applications have been rejected, and the percentage is about 0.7%. 15 applications were rejected due to failure to meet the eligibility criteria while the reasons for the remaining 82 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	2 917	22.3%
Textiles and clothing	551	4.2%
Electronics	272	2.1%
Plastics	226	1.7%
Printing and publishing	210	1.6%
Others	1 658	12.7%
Non-manufacturing	10 187	77.7%
Trading	6 004	45.8%
Wholesale and retail	1 227	9.4%
Engineering	416	3.2%
Construction	413	3.2%
Transportation/logistics	336	2.6%
Others	1 791	13.5%
Total	13 104	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 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 application situation in the coming 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 SMEs.

- End -

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0398)

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 set out the measures and new plans to be implemented by the CITB in 2018-19 to support SMEs, the respective expenditures involved, as well as the expected effectiveness. In view of the unstable global economic outlook, 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. (LegCo use): 32)

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 overseen by the Commerce, Industry and Tourism Branch to support SMEs in 2017-18 and 2018-19 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 five times to the end of February 2018. To further relieve the burden of borrowers, the Government has reduced the annual guarantee fee rate for the measures by 10% and removed the minimum guarantee fee rate for the measures starting from 1 June 2016. As at the end of February 2018, the HKMC has received over 14 700 applications and approved over 13 100 of them, involving a total loan amount of about \$52.3 billion and a total guarantee amount of about \$41.8 billion, and benefiting more than 7 700 local enterprises of various industries (including more than 7 100 SMEs) with more than 196 000 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 2019, as announced in the 2018-19 Budget.

- (2) The Trade and Industry Department (TID) administers three 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), which help SMEs secure loans, expand markets outside Hong Kong and enhance overall competitiveness. The implementation progress of the SGS, EMF and SDF in 2017 was as follows:

	Number of applications approved	Number of SME beneficiaries	Amount of guarantees/grants approved by the Government (\$ million)
SGS	744	709	1,034.7
EMF	8 532	5 444	135.4
SDF	13	Not applicable ^{Note 1}	23.4

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 details of individual projects, and is difficult to estimate accurately.

In 2018-19, TID will continue to assist enterprises in obtaining finance, exploring markets and enhancing their overall competitiveness through the above schemes. With regard to the EMF and the SDF, the estimated expenditure of 2018-19 is \$168 million. With regard to the SGS, the Government provides loan guarantee to SMEs under the scheme to help them secure loans from the participating lending institutions. The guarantee approved by the Government is not a grant, and is thus not an expenditure. We estimate that the amount of guarantee approved by the Scheme in 2018-19 will be about \$1 billion.

The 2018-19 Budget proposes to inject \$1 billion into the SME Export Marketing and Development Funds and introduce enhancement measures to strengthen the support for SMEs. We propose to increase the cumulative funding ceiling under EMF for individual SMEs from \$200,000 currently to \$400,000, increase the maximum grant for each application from \$50,000 to \$100,000 and remove the existing condition on

the use of the last \$50,000 of grants to fully support SMEs in exploring new markets and new business opportunities.

We conducted a briefing on 5 March 2018 to brief the trade, including members of Trade and Industry Advisory Board, Small and Medium Enterprises Committee, representatives of local major trade and industrial organisations, SME associations, professional bodies and trade associations, on the proposed enhancement measures. The trade supported our proposals in general. We have consulted the Legislative Council Panel on Commerce and Industry on the proposals and will seek funding approval of the Finance Committee.

We expect that the number of applications and amount of approved grants for the various funds will increase after the enhancement measures are implemented.

- (3) On the intellectual property (IP) front, the Intellectual Property Department (IPD) will continue to run the “IP Manager Scheme” (Scheme) and the free “IP Consultation Service” in 2018-19 to help SMEs build up their manpower capacity in IP management and commercialisation. Since the launch of the IP Manager Scheme in May 2015, IPD organised six rounds of IP Manager Training Programme and ten practical workshops under the Scheme, over 1 100 and 330 participants coming from over 720 SMEs attending the events respectively. Since the launch of the free “IP Consultation Service” in 2014, IPD has completed over 240 consultations by February 2018.

Since October 2015, IPD has been sponsoring professional bodies in conducting various training courses on IP related subjects to assist SMEs in managing IP assets and conducting IP commercialisation. Topics covered include patent search, trade mark search, practical skills in handling patent matters, preparation for the National Qualification Examination for Patent Agents, and IP valuation. Over 260 persons have participated in various trainings so far.

- (4) 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. In 2017, the Enterprise Support Programme (ESP) and Organisation Support Programme (OSP) of the BUD Fund have processed 431 and 21 applications (excluding all withdrawn applications) respectively. Among which, 347 and 12 applications were approved under the ESP and OSP respectively. The total amount of funding approved were \$125 million and \$34 million respectively. The estimated overall expenditure of the BUD Fund for 2018-19 is \$121 million.

The 2018-19 Budget proposes to inject \$1.5 billion into the BUD Fund for increasing the cumulative funding ceiling under the ESP for individual enterprises undertaking projects in the Mainland from \$500,000 to \$1 million; and to extend the geographical scope of the ESP to include the ASEAN markets. The cumulative funding ceiling for individual enterprises undertaking projects in ASEAN markets will also be \$1 million.

We expect that the number of applications and amount of approved grants for the various funds will increase after the enhancement measures are implemented.

- (5) In the past few years, the Hong Kong Trade Development Council (TDC) strived to help Hong Kong companies tap e-commerce and e-tailing opportunities, including: launching *HKTDC Marketplace* app to provide one-stop information; launching *hktdc.com Small Orders* to seamlessly connect buyers and suppliers and collaborating with a number of speed delivery organisations to offer discounts to suppliers selling via the platform; collaborating with a number of e-tailers to set up online Design Gallery shops or pages on various online platforms to promote Hong Kong brands. To help Hong Kong companies capitalise on opportunities arising from new retail and consumption trends, TDC will step up its collaboration with renowned e-tailers to help Hong Kong companies tap into the fast-growing global e-tailing markets, particularly ASEAN and other emerging markets. TDC will connect Hong Kong brands to e-tailers through customised business matching and networking programmes, and set up Hong Kong zones in leading regional e-tailing platforms for Hong Kong brand products.

In addition, the Budget proposes that in the five financial years from 2018-19, a total of \$250 million additional funding (i.e. \$50 million in each financial year) will be provided to TDC for assisting local enterprises (in particular small and medium enterprises) in seizing opportunities arising from the Belt and Road Initiative and the development of the Guangdong-Hong Kong-Macao Bay Area, promoting the development of e-commerce, and enhancing Hong Kong's role as a premier international convention, exhibition and sourcing centre.

- (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 mid-February 2018, 302 applications were approved (including more than 90% from SMEs) and the funding approved for these projects amounted to around \$11.1 million in total.
- (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. Since 1 March 2016, ECIC has provided permanent waiver of the annual policy fee of \$1,000 and premium discount of 20% for all SBPs with a view to assisting SMEs in reducing operating cost. From the launch of the scheme to 28 February 2018, ECIC issued over 2 200 SBPs. Furthermore, ECIC has introduced the "Fixed Amount Cover Endorsement" under the SBP scheme on a pilot basis for one year starting from 1 September 2017, providing SME policyholders options for insurance cover. As ECIC is a self-financing organisation, the Government does not have expenditure estimate for expenditure borne by ECIC on providing export credit insurance to small and medium enterprises, including SBPs.

As at 31 March 2017, the capital and reserves of ECIC stood at \$2.264 billion. The cap on ECIC's contingent liability under contracts of insurance was increased from \$40 billion to \$55 billion in June 2017. ECIC estimates that the new cap on

contingent liability would be sufficient to meet the forecast growth of its insured business over the next few years.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)061

(Question Serial No. 0610)

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 was stated in Matters Requiring Special Attention in 2017-18 that the Hong Kong Trade Development Council (TDC) would 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 expenditure on and outcome of such work, and the sectors that it mainly benefited last year. In Matters Requiring Special Attention in the current year of 2018-19, the statement is amended to: nurture and engage start-ups and young entrepreneurs to go global; and equip TDC to assist Hong Kong companies to stay ahead of the curve. Please provide the details of such work and the expenditure involved.

Asked by: Hon CHUNG Kwok-pan (Member Question No. (LegCo use): 46)

Reply:

In 2017-18, the Hong Kong Trade Development Council (TDC) focused 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 included: transforming *World SME Expo* into *SmartBiz Expo*, which is a new mega expo focusing on innovation, technology and design to support a new generation of small and medium enterprises; transforming *Entrepreneur Day* into a start-up networking platform, and expanding the "Start-up Runway" therein into a two-day flagship conference; and organising a Young Business Leaders Forum concurrently with the Belt and Road Summit, etc.

In March 2018, TDC launched a brand new start-up development programme which helps start-ups with network building, market development and funding. Key activities include organising training workshops, meetings with business leaders, missions to Mainland and Asian cities, local exhibitions and overseas trade promotion events, etc. TDC will also develop a start-up portal and build an online community featuring star mentors. TDC will launch “Startup-Plus” for start-ups which have been operating for over three years and having attained a certain scale, to provide them a special pricing package for participating in TDC’s exhibitions and promotional services.

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

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)062

(Question Serial No. 0611)

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 and Economic Development Bureau (CEDB) extended the application period of the Dedicated Fund for 5 years while continuing to work with the Trade and Industry Department (TID) and the Hong Kong Productivity Council (HKPC) to implement the Dedicated 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 please inform this Committee of the applications of the Dedicated Fund in the past year? What specific measures have been taken 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? How effective are these measures? What Mainland domestic markets have been developed? In the 2018-19 new financial year, the Financial Secretary will enhance the current funding scheme by injecting \$1.5 billion into the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund). What are the details involved? Will the application restrictions be relaxed and the funding amount be increased? Will additional funding and manpower be required to cope with the work?

Asked by: Hon CHUNG Kwok-pan (Member Question No. (LegCo use): 50)

Reply:

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.

In 2017, the Enterprise Support Programme (ESP) and Organisation Support Programme (OSP) of the BUD Fund have processed 431 and 21 applications (excluding all withdrawn applications) respectively. Among which, 347 and 12 applications were approved under the ESP and OSP respectively. The total amount of funding approved were about \$125 million and \$34 million respectively.

Up to the end of February 2018, 489 ESP and 46 OSP projects have been completed. According to the survey results as at end of December 2017, about 98% of the enterprises that have completed their ESP-funded projects considered the ESP effective in assisting their business development. Enterprises also generally considered that the projects had helped enhance the awareness of their brand, improve product quality, develop new products, enlarge domestic sales network, enhance the overall competitiveness of enterprises, increase 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 the OSP, through implementing the projects, organisations can assist enterprises of the relevant sectors to enhance their competitiveness in the Mainland market through branding, upgrading and promoting domestic sales. The 70 projects approved as at the end of February 2018 involve various activities in 32 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. Many 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 2018-19 Budget proposes to inject \$1.5 billion into the BUD Fund to increase the cumulative funding ceiling for individual enterprises under the ESP for undertaking projects in the Mainland from \$500,000 to \$1 million; and to extend the geographical scope of the ESP to include the ASEAN markets. The cumulative funding ceiling for individual enterprises undertaking projects in ASEAN markets will also be \$1 million. We have also recently reviewed the application requirements and vetting mechanism of the ESP with a view to providing SMEs, particularly start-ups, with more flexible and facilitating support. Proposed measures are as follows:

- Waiving the requirements on enterprises’ number of years of substantive business operations in Hong Kong to provide greater facilitation to start-ups.

- Consolidating various application categories and application forms under the current ESP. Enterprises only need to fill in a unified form which will make application procedures easier and more user-friendly.
- Streamlining the requirements on enterprises' procurement procedures by reducing the number of quotation required to reduce enterprises' administration costs.
- Providing full funding for audited account required under the project, with a ceiling of \$10,000 per audit, to reduce enterprises' cost of using the funding.
- Providing enterprises with greater flexibility and autonomy in the reallocation of grant amongst approved budget items.

We conducted a briefing on 5 March 2018 to brief the trade, including members of Trade and Industry Advisory Board, Small and Medium Enterprises Committee, representatives of local major trade and industrial organisations, SME associations, professional bodies and trade associations, on the proposed enhancement measures. The trade supported our proposals in general. We have consulted the Legislative Council Panel on Commerce and Industry on the proposals and will seek funding approval of the Finance Committee.

The Trade and Industry Department will absorb the additional manpower and administrative expenses arising from the implementation of the enhancement measures through existing resources.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)063

(Question Serial No. 0613)

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 paragraph 110 of the Budget Speech, the Financial Secretary proposed in the 5 financial years from 2018-19 providing a total of \$250 million additional funding to the Hong Kong Trade Development Council for assisting local enterprises (small and medium enterprises (SMEs) in particular) in seizing opportunities arising from the Belt and Road Initiative and the Bay Area development, promoting the development of e-commerce, and enhancing Hong Kong's role as a premier international convention, exhibition and sourcing centre. Would the Government inform this Committee of the details, specific contents and implementation schedule of this five-year funding? Please provide the estimated expenditure breakdown for individual items.

Asked by: Hon CHUNG Kwok-pan (Member Question No. (LegCo use): 60)

Reply:

The Budget proposes that in the five financial years from 2018-19, a total of \$250 million additional funding (i.e. \$50 million in each financial year) will be provided to the Hong Kong Trade Development Council (TDC) for assisting local enterprises (in particular small and medium enterprises) in seizing opportunities arising from the Belt and Road Initiative and the development of the Guangdong-Hong Kong-Macao Bay Area (Bay Area), promoting the development of e-commerce, and enhancing Hong Kong's role as a premier international convention, exhibition and sourcing centre. The additional funding is included in the Government subvention to TDC in 2018-19.

TDC will make use of the additional funding to implement various initiatives to support small and medium enterprises. Key initiatives include:

- Co-organise the third Belt and Road Summit with the Government on 28 June 2018. The Summit will target at the professional needs of potential investors and focus on the promotion of Hong Kong's strengths in infrastructure financing, risk management, dispute resolution, etc. The duration of the one-to-one business matching session will also be extended from half day to full day;
- Establish a Belt and Road Global Forum to connect local, Mainland and international organisations and associations to enable them to tap the business opportunities arising from the Belt and Road Initiative through Hong Kong;
- Enrich the Belt and Road portal, set up a database of Belt and Road projects and enhance market research;
- Organise more investment and business missions to countries along the Belt and Road and cities in the Bay Area to help Hong Kong enterprises explore business opportunities;
- Explore organising joint overseas missions with cities in the Bay Area to explore investment and cooperation opportunities;
- Enhance online sourcing platform by strengthening cooperation with m-commerce or e-tailing platforms to promote Hong Kong brand products, as well as organise customised business matching and networking programmes to connect Hong Kong brands with online retailers;
- Establish online exhibition platform as professional sourcing website to enable buyers to source online and more suppliers to showcase their products year-round; and launch e-badge to provide buyers with seamless online-to-offline experience; and
- Launch an "all-in-one" mobile app for TDC's conferences to build an online community for participants to facilitate exchanges and enhance experience.

The above will be incorporated in TDC's annual work plan for 2018-19. We do not have a breakdown of TDC's expenditure for individual items.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)064

(Question Serial No. 0619)

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 “Matters Requiring Special Attention in 2018-19” under this Programme 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 inform this Committee of the expenditure and effectiveness of work in that regard in the past year. In the new year, the Government will continue to put forward competitive bidding package to win MICE events... and cultivate the growth of small and medium-sized MICE groups. What will be the specific work plans and timetables, expenditure involved, and expected effectiveness for such work?

Asked by: Hon CHUNG Kwok-pan (Member Question No. (LegCo use): 30)

Reply:

The revised estimate of the Hong Kong Tourism Board (HKTB) for promoting MICE tourism in 2017-18 is \$59.4 million.

In 2017, Hong Kong received 1.93 million overnight MICE visitors, representing an increase of 1.9% over 2016. The Meetings and Exhibitions Hong Kong under the HKTB provided support to over 1 000 MICE events during the year.

To attract high-spending MICE visitors to Hong Kong, in 2018-19, 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 promotion work conducted by the HKTB for the various MICE segments in 2018-19 will include:

Meetings and incentives (M&I)

- focusing its promotional efforts on markets such as the Mainland, Southeast Asia (mainly Indonesia and Thailand), South Korea, India and the United States (US) targeting the direct selling industry, and reaching out to sectors such as insurance and finance, information technology, manufacturing and pharmaceuticals, to attract them to organise M&I in Hong Kong;
- showcasing the latest offerings, MICE venues, unique travel experiences and track record of Hong Kong in hosting large-scale M&I by organising familiarisation tours, travel missions, large-scale workshops and one-on-one meetings for corporate clients and overseas travel trade;
- through an award programme, recognising the performance and contribution of the overseas travel agents and motivating them to promote Hong Kong as the ideal destination for M&I trips to their corporate clients; introducing the overseas travel agents the latest MICE developments and unique experiences of Hong Kong through workshops and briefings;
- participating in MICE trade shows in key source markets together with the local travel trade to help them foster connections with MICE event organisers; and
- strengthening collaboration with M&I organisers in key source markets to solicit for mega M&I and actively secure more small and medium-sized M&I.

Professional association events

- stepping up efforts to attract more events organized by professional associations in Asia Pacific, taking into account the frequent rotation among conferences organized by these bodies and the majority of these conferences are of medium scale which allow more flexibility in venue selection;
- focusing resources on Europe and the US in order to bring more medium-sized conferences to Hong Kong. The HKTb will form strategic partnerships with professional associations and professional conference organisers, and proactively reach out to and persuade the decision makers of the associations to choose Hong Kong as the hosting city of their events;
- 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
- fostering a closer tie with professional associations in the Mainland, especially medical and technology related associations, 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 conferences 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 and medium-sized exhibitions; and
- offering support to exhibition organisers, including working with the travel trade to provide exhibition visitors with customised travel packages, special offers and hospitality support; offering marketing support to recurrent exhibitions to attract more participants with a view to retaining recurrent events and attracting new ones.

In 2018-19, the HKTb plans to spend \$47.6 million on MICE promotion, including the Government's additional allocation of \$8 million to the HKTb for providing continuous financial support to local travel agents in attracting more small and medium-sized M&I, thereby drawing more high-spending visitors. The HKTb expects that the scheme will draw 30 000 – 33 000 overnight visitors in 2018-19.

All in all, the HKTb projects that the number of overnight MICE visitors in 2018 will register a slight increase over 2017.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)065

(Question Serial No. 0620)

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 this Programme, the Competition Ordinance (CO) has an influence 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 was done and achieved past year? What publicity and educational efforts will be made in 2018-19 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. 33)

Reply:

The Competition Commission has been reaching out to the public and businesses to enhance their understanding of the Competition Ordinance and encourage compliance. In 2017, the Commission held 84 engagement briefings, conferences, media events, exhibitions as well as 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 to start-ups and SMEs the Competition Ordinance and the spirit behind it.

The Commission also launched extensive advocacy and promotional campaigns during 2017. Riding on the Commission's second case brought to the Competition Tribunal relating to market sharing, a new advocacy campaign "Combat Market Sharing Cartels" was launched in November 2017 to raise public and businesses' awareness on market sharing and educate them, particularly SMEs, on how to detect and prevent it. The campaign featured a territory-wide roving exhibition, targeted seminars, educational videos, a brochure and TV Announcements in the Public Interest.

During the year, the Commission also reached out to youngsters with tailored educational programmes to promote benefits brought by the competition law with a creative advocacy contest targeting senior secondary students and teachers. The initiative was extended to tertiary students through a social media contest to promote the Competition Ordinance. In addition, there were ongoing talks and workshops for secondary schools, universities and institutes.

Similar outreach activities in various formats as well as targeted campaigns with special focuses will be undertaken in 2018-19, including seminars, roundtables, exhibitions, new publications and promotional materials, etc. to assist the public and businesses, especially SMEs, to understand and comply with the Competition Ordinance.

The Commission's budget for 2018-19 includes about \$6.4 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)066

(Question Serial No. 0989)

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 stated in paragraph 75 on page 23 of the Budget Speech that while we foster the development of new industries, we should also strengthen the traditional industries where we enjoy clear advantages. What is the amount of expenditure involved in strengthening such traditional industries in 2018-19? What are the concrete plans and which industries will mainly be strengthened? What are the expected results? Please also inform this Committee of the work done, expenditure incurred and effectiveness achieved by the government in the past 3 years and of the traditional industries which have benefitted from such work. Please provide the required information in table form with examples.

Asked by: Hon CHUNG Kwok-pan (Member Question No. (LegCo use): 65)

Reply:

The Government has put in place various measures to reinforce the traditional industries with competitive edge, including (1) financial services; (2) trading and logistics; (3) tourism; and (4) business and professional services, to foster economic development of Hong Kong. Strengthening our traditional industries has been one of the Government's on-going efforts, the highlights in the past few years and 2018-19 are as follows –

(1) Financial services industry

- Set aside a dedicated provision of \$500 million for the development of the financial services industry in the coming five years, providing necessary support for bond market development, financial technology (“fintech”), green finance, manpower training and other aspects of financial services.

- To promote Hong Kong as the green finance hub in the region, the Financial Secretary announced in the 2018-19 Budget that a Green Bond Grant Scheme would be introduced to subsidise qualified green bond issuers in obtaining green bond certification; and a green bond issuance programme with a borrowing ceiling of \$100 billion will also be launched to provide funding for green public works projects of the Government so as to encourage more issuers to arranging financing for their green projects through our capital market.
- The Financial Leaders Forum has laid down the general principles on developing Hong Kong into a preferred listing platform for emerging and innovative enterprises, and the new regime should be in place in the second quarter of this year after the Stock Exchange of Hong Kong has consulted the market on the proposed specific arrangements and the amendments to the Listing Rules.
- To launch a three-year Pilot Bond Grant Scheme to attract local and overseas enterprises to issue bonds in Hong Kong; amend the qualifying debt instrument scheme by increasing the types of qualified instruments; and continue to implement the Government Bond Programme including the issuance of Silver Bonds
- Hong Kong Monetary Authority (“HKMA”) is prepared to launch a Faster Payment System in September this year, offering 24-hour real-time payment function.
- HKMA will make the best endeavour to issue virtual bank licences within this year.
- Amended the Inland Revenue Ordinance to extend the coverage of profits tax concession to specified treasury services provided by qualifying corporate treasury centres for their onshore associated corporations, to attract multinational and Mainland enterprises to establish corporate treasury centres in Hong Kong.
- Apart from issuing RMB sovereign bonds in Hong Kong nine years in a row since 2009, the Ministry of Finance also issued US dollar sovereign bonds in Hong Kong last year, promoting the development of the Hong Kong bond market. We have also provided profits tax exemption for both RMB and non-RMB (including US dollar) sovereign bonds issued in Hong Kong by the Central People’s Government so as to ensure that Hong Kong continues to be the premier platform for our country to issue sovereign bonds in different currencies.
- The increase of the RQFII quota for Hong Kong from RMB270 billion to RMB500 billion (which reinforces Hong Kong’s leading position with the biggest quota in the world) has strengthened Hong Kong’s strategic position as the springboard for overseas investors to enter the Mainland financial markets.

(2) Trading and logistics industry

- Actively expanding Hong Kong’s Free Trade Agreement (“FTA”) and investment agreement networks. In the past three years, we have forged FTAs with Macao and the Association of Southeast Asian Nations (“ASEAN”), and investment agreements with Canada, Chile and the ASEAN. Besides, the Agreement on

Trade in Services, the Investment Agreement and the Agreement on Economic and Technical Cooperation were concluded under the Mainland and Hong Kong Closer Economic Partnership Arrangement (“CEPA”) framework. In 2018-19, we would sign an FTA with Georgia, and two investment agreements respectively with Bahrain and Mexico. Ongoing negotiations include the FTA negotiations with Maldives and Australia, and the investment agreement negotiations with Russia.

- Expanding Hong Kong’s network of Comprehensive Avoidance of Double Taxation Agreements (CDTA’s) and, in particular, signing CDTA’s with the countries along the Belt and Road.
- Actively enhancing the supporting infrastructure to increase the handling capacity of both air and maritime cargo, with a view to moving the trading and logistics industry up the value chain.
- Made available a site in Kwo Lo Wan on the Airport Island for development of a modern air cargo logistics centre.
- Set aside \$5 billion for the redevelopment project of Air Mail Centre situated in the Chek Lap Kok Airport so as to enhance its capability in handling the increased airmail traffic brought about by the booming e-commerce.
- Suggest capping the charge for each trade declaration at \$200, so as to further lower the cost of importing and exporting high-value goods to and from Hong Kong, as well as enhance Hong Kong’s advantage as a trading hub. The measure is expected to save the trade \$458 million per year and benefit about 900 000 cases.
- Through the Hong Kong Maritime and Port Board, work with the industry to formulate strategies and explore initiatives with a view to bolstering the development of local maritime and port sectors as well as high value-added maritime services; actively promote Hong Kong’s maritime and port industries and our quality maritime services including organising the Hong Kong Maritime Week, visiting overseas and Mainland maritime cities; and setting up a dedicated team under Invest Hong Kong to attract more renowned maritime enterprises to operate in Hong Kong.

(3) Tourism

- The Government has been devoting substantial resources to enhance the planning for tourist attractions and increase their competitiveness through various aspects in order to attract more high-spending overnight visitors to Hong Kong and extend their stay, with a view to driving the growth of various tourism-related industries, such as hotel, air transport, catering and retail, etc..
- To further exploit the potential of Hong Kong’s tourism resources and strengthen the competitiveness of Hong Kong as a major tourist destination in the region, the Government published the “Development Blueprint for Hong Kong’s Tourism Industry” (the Development Blueprint) in October 2017, outlining the vision and mission of tourism development for developing Hong Kong into a world-class

premier tourism destination and ensuring the balanced, healthy and sustainable development of the industry.

- To implement the four development strategies under the Development Blueprint, the Government proposes to allocate an additional \$396 million in 2018-19 for the tourism industry, including the additional funding of \$226 million for the Hong Kong Tourism Board for strengthening the promotions in overseas and Mainland markets on a variety of Hong Kong's characteristics, as well as the remaining \$170 million for the Tourism Commission mainly for taking forward the following 12 new initiatives to promote tourism development –

Strategy 1: To develop a diversified portfolio of visitor source markets for Hong Kong, with a focus on attracting high value-added overnight visitors

- Organising a tourism forum under the dual themes of “Belt and Road” and “Bay Area” with business matching conference for the travel trade
- Supporting the Travel Industry Council of Hong Kong (TIC) in arranging visits for Hong Kong travel agents to “Bay Area”
- Supporting TIC in developing a new web-based tourism resource forum about “Belt and Road” countries and the “Bay Area” cities
- Supporting tourist attractions in enhancing competitiveness and promotion in visitor source markets

Strategy 2: To nurture and develop tourism products and initiatives with local and international characteristics

- Tourism project making use of creative and multimedia technology
- Light installation project at the Central Harbourfront
- New tourism projects with creative, artistic and cultural elements
- New pilot arts cum historical, cultural and green tourism event at Yim Tin Tsai of Sai Kung
- Enhancing the tourism supporting facilities of some popular hiking trails and those with good tourism potentials
- Ocean Park's education tourism projects and a new 3D projection-cum-water light show

Strategy 3: To develop smart tourism

- Launching new smart travel landing page

Strategy 4: To upgrade the service quality of tourism industry

- Supporting TIC to continue to implement and enhance the Information Technology Development Matching Fund Scheme for Travel Agents

(4) Business and professional services

- Extending the network of the overseas Hong Kong Economic and Trade Offices (“ETOs”), including the Jakarta ETO which commenced operation in June 2016, and the planned ETOs in India, Korea, Russia, Thailand, the United Arab Emirates, etc. in order to strengthen our work on external promotion.
- Continue to implement the Professional Services Advancement Support Scheme (“PASS”), so as to support Hong Kong’s professional services sector in increasing exchanges and co-operation with their counterparts in external markets, promoting relevant publicity activities and enhancing the standards and external competitiveness of our professional services. PASS receives applications all year round on a quarterly basis.
- The 2018-19 Budget proposes to inject \$1.5 billion into the Dedicated Fund on Branding, Upgrading and Domestic Sales (“BUD Fund”), and extend the geographical scope and cumulative funding ceilings for enterprises.
- To inject \$1 billion into the SME Export Marketing and Development Funds (and increase the cumulative funding ceiling for enterprises).
- To extend the application period for the special concessionary measures under the SME Financing Guarantee Scheme, to provide support to industries (including traditional economic areas in which Hong Kong enjoys clear advantages) in aspects such as export promotion, financing and exploring markets.
- To provide a total of \$250 million additional funding in the five financial years from 2018-19 to the Hong Kong Trade Development Council for assisting local enterprises (in particular small and medium enterprises) in seizing opportunities arising from the Belt and Road Initiative and the development of the Guangdong-Hong Kong-Macao Bay Area, promoting the development of e-commerce, and enhancing Hong Kong’s role as a premier international convention, exhibition and sourcing centre.

Since reinforcing and enhancing Hong Kong’s traditional industries have been the Government’s on-going efforts which involve various bureaux and departments, the relevant expenses cannot be separately quantified.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)067

(Question Serial No. 0992)

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 stated in paragraph 109 on page 34 of the Budget Speech that the Government had launched the Professional Services Advancement Support Scheme to provide funding support for business and professional organisations, thereby facilitating external promotion and enhancement of Hong Kong's professional services. He encouraged the professional services sector to work with other sectors in applying for funding and exploring new business opportunities. What are the respective numbers of applications received and approved under the Scheme in the past year? What was the longest time taken to approve an application? Which industries have benefitted from the Scheme? What are the expenditure involved and expected number of applications received under the Scheme in 2018-19?

Asked by: Hon CHUNG Kwok-pan (Member Question No. (LegCo use): 66)

Reply:

The Professional Services Advancement Support Scheme (PASS) seeks to support Hong Kong's professional services sector in increasing exchanges and co-operation with their counterparts in external markets, promoting relevant publicity activities and enhancing the standards and external competitiveness of our professional services. PASS receives applications all year round on a quarterly basis. 61 valid applications (i.e. from eligible applicants and with all requisite information available) were received in the first four rounds, of which 20 projects were funded and commenced gradually since mid-2017. The professional services sectors covered by these projects include the accounting, legal, building and construction, health, information and communications technology, design and technical testing and analysis sectors. For 10 other proposed projects, supplementary information from applicants was required, and they would be submitted to the PASS Vetting Committee (VC) for consideration. The Secretariat has conveyed the VC's comments on

the remaining applications to the applicants, and where appropriate, invited the applicants to consider revising their applications accordingly for resubmission.

In the past year, the VC conducted meetings to assess the applications about six to eight weeks after the application deadline to each round. Applicants were informed of the results about two to three weeks after the VC has formulated the recommendations.

The estimated expenditure for PASS in 2018-19 is \$15 million. We will continue to promote PASS through various channels, including regular briefings, emails and webpages etc. With the publicity arising from the launch of more funded projects and our ongoing promotion efforts, more applicants are expected to submit funding applications under PASS.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)068

(Question Serial No. 3228)

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 announced in paragraph 111 on page 28 of the Budget speech (Chinese version) that the Information Services Department, our Economic and Trade Offices overseas and in the Mainland, Invest Hong Kong and the Hong Kong Trade Development Council will strengthen collaboration and take a more proactive approach in promoting our advantages overseas and attracting investments to Hong Kong. Please advise this Committee of the collaboration among the above departments in promoting our advantages overseas last year? What are the details, effectiveness and expenditure involved? What are the details of the collaboration during 2018-19? What are the overseas regions to be visited for promoting Hong Kong? What kind of foreign investments or trades being targetted at and what is the expected expenditure?

Asked by: Hon CHUNG Kwok-pan (Member Question No. (LegCo use): 67)

Reply:

The overseas Economic and Trade Offices (ETOs) and the Mainland Offices (namely the Beijing Office and the ETOs in Guangdong, Shanghai, Chengdu and Wuhan) are the official representatives of the HKSAR Government abroad and in the Mainland respectively. While the Geneva ETO represents Hong Kong at the World Trade Organization, the other overseas ETOs and the Mainland Offices are responsible for fostering ties at the government-to-government level, and handling all bilateral matters between Hong Kong and the trading partners under their respective purviews, including the areas on economy, trade, investment, culture, etc. The main role of the Hong Kong Economic, Trade and Cultural Office in Taiwan is to promote economic, trade and cultural exchanges between Hong Kong and Taiwan.

In the past year, the overseas ETOs and the Mainland Offices have been collaborating closely with the Information Services Department, Invest Hong Kong, the Hong Kong

Trade Development Council, etc. in organising and co-organising a range of promotional activities, e.g. business seminars, luncheons, receptions, exhibitions, the Sponsored Visitors Programme, other thematic events, etc. The overseas ETOs promote Hong Kong overseas, brief the local audience on the latest developments of Hong Kong and our advantages in various aspects, encourage local enterprises 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. The Mainland Offices and the Hong Kong Economic, Trade and Cultural Office in Taiwan have been proactively serving as important bridges between Hong Kong and the Mainland/Taiwan, including enhancing liaison and communication with counterparts in the areas under their respective coverage; representing and promoting Hong Kong's trade and commercial interests; encouraging and attracting investments to Hong Kong; and gathering relevant information on new laws and regulations, policies and significant regional development, and disseminating such information to the Hong Kong business sector through various channels.

In 2018-19, the overseas ETOs, the Mainland Offices and the Hong Kong Economic, Trade and Cultural Office in Taiwan will continue to actively promote Hong Kong's advantages so as to foster Hong Kong's trade and commercial interests. They will also align their work with the focuses of the Government, including attracting companies outside Hong Kong to set up or expand their operations in Hong Kong, fostering expansion of markets for Hong Kong enterprises (including financial, legal and other professional services), as well as showcasing arts, culture and creative soft powers of Hong Kong, etc. with a view to strengthening promotion work. These offices will continue to closely collaborate with relevant partners in promoting the Hong Kong Brand and actively liaising with local audience, so as to enhance Hong Kong's profile. Riding on opportunities arising from the "Belt and Road" Initiative, the offices will step up efforts in promoting Hong Kong and encouraging local businessmen to make use of Hong Kong's advantages in exploring business opportunities under the Initiative so as to help the commercial and professional sectors in Hong Kong open up new markets. Besides, we plan to set up ETOs in India, Korea, Russia, Thailand, the United Arab Emirates, etc. in order to further expand the network of our external relations and strengthen our work on external promotion.

As the work of promoting Hong Kong and attracting inward investments is part of the overall work of the above offices/organisations, the expenditures involved cannot be accurately and separately itemised.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)069

(Question Serial No. 0246)

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 2018-19” of the Programme that the Branch would “continue to explore the plan to develop the Kai Tak Tourism Node into a world-class tourism, entertainment and leisure attraction”. In this connection, will the Government advise this Committee on the following:

- (a) the specific work taken forward by the Government and the specific progress of the plan over the past year;
- (b) the expenditure in 2017-18 and estimated expenditure in 2018-19 for the above work; and
- (c) when it expected to complete the relevant study and put forward the specific plan to develop the Kai Tak Tourism Node?

Asked by: Hon HO Kai-ming (Member Question No. (LegCo use): 1)

Reply:

The Government is continuing to explore the Kai Tak Tourism Node project, and will announce the way forward of the project in due course once a decision is made on the project.

The expenditures of the project for the Tourism Commission in 2017-18 and 2018-19 are around \$3.586 million and around \$2.902 million respectively, including the additional manpower and the expenses for commissioning the relevant consultancy.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)070

(Question Serial No. 0339)

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 Pilot Information Technology Development Matching Fund Scheme for Travel Agents mentioned in paragraph 22, will the Government inform this Committee of:

- (I) the pilot scheme's (i) estimated expenditure in 2018-19 financial year; (ii) training details; and (iii) progress of the preparatory work;
- (II) the estimated numbers of participating small and medium-sized travel agents and tourism industry members.

Asked by: Hon IP LAU Suk-ye, Regina (Member Question No. (LegCo use): 12)

Reply:

The Government allocated \$10 million in 2016-17 to launch the Pilot Information Technology Development Matching Fund Scheme for Travel Agents, through the Travel Industry Council of Hong Kong (TIC), to subsidise small and medium-sized travel agents, on a matching basis, to make use of information technology so as to enhance the competitiveness of the industry. Since the launch of the Scheme, applications from 119 travel agents have been received, among which 114 applications have been approved, involving about \$10 million. The total number of staff of the travel agents concerned is about 1 200. Upon entering into funding agreements with the successful travel agents, TIC has uploaded the information about the projects to its website (http://www.tichk.org/public/website/en/member_service/IT_approved_projects.pdf).

In view of the positive feedback of the trade, the Government has allocated an additional funding of \$30 million in 2018-19 to TIC for enhancing the Scheme, so as to encourage more small and medium-sized travel agents to make use of information technology, including elevating service quality, strengthening information system security, improving crowd management of inbound tour groups, etc. The Government will start preparations with TIC, including considering expansion of the funding scope to cover hardware and subscription-based technological services or solutions, and formulating other details.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)071

(Question Serial No. 0340)

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 has planned to establish the Travel Industry Authority, which will replace the Travel Industry Council in enhancing the regulation of travel agents, tourist guides and tour escorts, and the Bills Committee on Travel Industry Bill under the Legislative Council has recently started clause-by-clause examination of the Bill. Though the Development Blueprint for Hong Kong's Tourism Industry sets out four development strategies, one of which is to upgrade the service quality of our tourism industry, the whole section mentions nothing about how the Bureau will deploy more resources for regulatory efforts. In this connection, will the Bureau inform this Council:

In the 2018-19 financial year, will the Bureau allocate additional manpower and resources to enhance efforts in combating non-compliant travel agents, tourist guides and tour escorts? If yes, what are the details and estimated expenditure involved? If not, what are the reasons?

Asked by: Hon IP LAU Suk-ye, Regina (Member Question No. (LegCo use): 13)

Reply:

Under the existing regulatory system, the Travel Industry Council of Hong Kong (TIC) is responsible for the self-regulation of the travel trade. Through promulgating codes of conduct and directives and putting in place a disciplinary mechanism, TIC regulates travel agents, tourist guides and tour escorts. Before the implementation of the new regulatory regime, the Tourism Commission (TC) under the Commerce, Industry and Tourism Branch (CITB) of the Commerce and Economic Development Bureau will continue to maintain close liaison with TIC and provide advice and suggestions on its regulatory work. Meanwhile, as mentioned in the Development Blueprint for Hong Kong's Tourism Industry, the Government is seeking the Legislative Council's early passage of the Travel Industry Bill, which provides for the establishment of the statutory Travel Industry Authority to regulate travel agents, tourist guides and tour escorts in a holistic manner.

The expenditure on the above work undertaken by TC has been subsumed into the provision for 2018-19 for CITB. It is difficult to quantify such expenditure separately.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)072

(Question Serial No. 0356)

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 signed the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) with the Mainland in 2003 to facilitate economic and trading activities of Hong Kong residents in the Mainland. As such, please inform this Committee of the following:

- (1) The specific figures on economic and trading activities of Hong Kong residents or body corporates in the Mainland through application for a CEPA certificate between 2012 and 2017. Please provide a breakdown by sector;
- (2) The figures on request for assistance and their categories of Hong Kong residents or body corporates engaging in activities under the certificate. Please provide a breakdown by sector; and
- (3) the hours of work, establishment and estimate for handling the relevant applications or requests for assistance.

Asked by: Hon IP LAU Suk-ye, Regina (Member Question No. (LegCo use): 29)

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. In order to enjoy the preferential treatment under CEPA, an enterprise could apply to the Trade and Industry Department (TID) for a Hong Kong Service Supplier Certificate (HKSS Certificate), and then apply to the relevant Mainland authorities for providing services in the Mainland with CEPA treatment.

(1) In the past five years, the TID approved over 500 HKSS Certificate applications per annum (Table 1). The most popular sectors are transport and logistics, air transport, and placement and supply services of personnel.

Table 1: HKSS Certificate applications approved in the past five years (by service sectors)

Year	2017	2016	2015	2014	2013
Legal services	1	4	2	3	3
Accounting, auditing and bookkeeping services	0	1	0	0	1
Education services	1	5	2	1	1
Medical and dental services	22	24	17	12	6
Other human health services	0	0	1	2	2
Real estate services	2	3	4	3	4
Construction professional services and construction and related engineering services	8	13	8	14	7
Research and experimental development services on natural sciences and engineering	0	0	1	0	1
Placement and supply services of personnel	26	34	23	38	42
Computer and related services and information technology services	4	3	3	2	2
Value-added telecommunications services	16	16	8	10	9
Telecommunication services	4	0	3	1	1
Audiovisual services	16	34	19	26	22
Cultural services	12	9	11	8	11
Distribution services	6	16	8	21	9
Insurance and insurance-related services	4	11	6	5	4
Banking and other financial services	0	5	0	6	1
Securities and futures services	34	57	21	5	3
Travel related services	14	12	11	16	10
Environmental services	1	0	0	0	0
Transport and logistics services	145	149	178	181	176
Air transport services	149	123	142	156	143
Advertising services	9	9	19	27	19
Trade mark agency services	2	0	1	1	2
Printing services	4	3	7	8	24
Photographic services	0	1	0	2	0

Year	2017	2016	2015	2014	2013
Convention and exhibition services	0	2	0	4	1
Management consulting and related services	4	4	2	8	4
Administrative and support services	8	4	5	2	2
Factoring services	0	0	1	2	0
Rental/Leasing services	2	0	3	1	0
Other business services	3	1	4	2	3
Services incidental to manufacturing	1	3	2	1	4
Building-cleaning services	1	0	0	0	0
Services related to agriculture, forestry and fishing	1	0	0	0	0
Total	500	546	512	568	517

(2) In the past five years, the number of enquiries relating to HKSS Certificate received by TID per annum is set out in Table 2. The enquiries include application procedures, documentation requirements and renewal arrangement for HKSS Certificate, as well as sector-specific commitments. There are no breakdown figures by sector for such enquiries.

Table 2: Enquiries relating to HKSS Certificate in the past five years

Year	2017	2016	2015	2014	2013
HKSS Certificate-related matters	8,633	9,937	7,811	7,630	7,899

(3) The above work is undertaken by the TID. The relevant manpower and expenditure have been subsumed under the establishment and provision of the department. It is difficult to quantify separately.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)073

(Question Serial No. 3242)

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 2018-19, the Hong Kong Trade Development Council aims to “strengthen efforts to nurture and engage start-ups and young entrepreneurs to go global”. Will the Government provide information on the following:

- 1) the specific initiatives to achieve the above aim and the financial commitment involved?
- 2) further to the above, the process for start-ups to apply for the relevant subsidy from the Government and the average processing time?
- 3) whether the Government will consider providing subsidy to start-ups to seek legal advice as many start-ups find that their products fail to comply with Hong Kong legislation after invention?
- 4) the initiatives to assist research institutions in commercialising their inventions and the examples of internationalisation of commodities in the past 5 years?

Asked by: Hon IP LAU Suk-ye, Regina (Member Question No. (LegCo use): 55)

Reply:

1 and 2. In March 2018, the Hong Kong Trade Development Council (TDC) launched a brand new start-up development programme which helps start-ups with network building, market development and funding. Key activities include organising training workshops, meetings with business leaders, missions to Mainland and Asian cities, local exhibitions and overseas trade promotion events, etc. TDC will also develop a start-up portal and build an online community featuring star mentors. While TDC does not provide direct subsidy to start-ups, the above support helps start-ups build solid foundation for developing their business progressively. The above is part of the work covered under Programme (3) to be

carried out by TDC. We do not have a breakdown of TDC's expenditure for individual items.

3. TDC provides free business advisory services and can help arrange one-on-one meetings between start-ups and representatives from the Law Society of Hong Kong. TDC welcomes start-ups to enquire about Hong Kong business law.

4. TDC has set up Asia IP Exchange (www.asiaipex.com) and cooperated with more than 30 Mainland and overseas partners to feature over 27 000 tradable intellectual properties, including patented technologies, research and development (R&D) results, etc. In addition, TDC has set up special zones in a number of exhibitions and welcomes technology transfer units of local universities and R&D centres to join and display latest innovation and technologies. Exhibitors and buyers can conduct in-depth exchange and explore business opportunities.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)074****(Question Serial No. 2174)**

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. According to the 2017 Policy Address, the Commissioner for Belt and Road (the Commissioner) was appointed “to take charge of the Belt and Road Office (BRO), to provide recommendations and advice on formulating and implementing strategies relating to the Belt and Road Initiative, and to liaise with government bureaux and departments as well as various sectors of the community”. Please advise this Committee of the following in table form:

(a) (i) the recommendations on the Belt and Road Initiative put forward by the Commissioner since the establishment of the BRO, (ii) relevant details, and (iii) the progress.

Recommendation	Details	Progress

(b) regarding the Commissioner's efforts to “liaise with government bureaux and departments as well as various sectors of the community”, (i) names of government bureaux and departments or sectors of the community liaised since the establishment of the BRO; (ii) relevant dates; (iii) details of meeting; (iv) relevant expenditure; and (v) follow-up action (if any). If follow-up action has been taken, what is the progress? Please provide the names of government bureaux and departments or community members, the relevant dates, details of meetings, relevant expenditure, and follow-up action (if any)? If follow-up action has been taken, what is the progress?

2. Last year, it was stated under Programme (2): Commerce and Industry that efforts would be strengthened “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 advise this Committee of the following in table form:

(a) the details of Mainland, Taiwanese and overseas companies (including the economies along the Belt and Road) having investment in Hong Kong on grounds of the Belt and Road Initiative in the past year, including (i) company name, (ii) place of origin, (iii) investment value, (iv) area of investment, and (v) new post(s) created.

Name of company	Place of origin	Investment value	Area of investment	New post(s) created

(b) the details of relevant promotion work undertaken by the Government in the past year, including (i) title of promotional event, (ii) target, (iii) date of event, (iv) expense item (cost of event, publicity cost, transportation cost, entertainment expenses and other expenses), (v) manpower involved, and (vi) follow-up action (if any). If follow-up action has been taken, what are the details?

Title of the promotional event	Target	Date of event	Expense item (cost of event, publicity cost, transportation cost, entertainment expenses, and other expenses)	Manpower	Follow-up action (if any). If follow-up action has been taken, what are the details?

Asked by: Hon KWOK Ka-ki (Member Question No. (LegCo use): 13)

Reply:

1. (a) & (b) The former Chief Executive on 29 July 2017 made the appointment of the former Commissioner for Belt and Road, with the term ended on 30 June 2017. The latter was not remunerated for taking up the public office, and reported directly to the former Chief Executive. The Commissioner during her term had assisted the former Chief

Executive through the work of the former Steering Committee for the Belt and Road and the Belt and Road Office to liaise with Government bureaux and departments (B/Ds), as well as various sectors of the community; and to co-ordinate HKSAR's participation in the Belt and Road Initiative, including co-ordinating HKSAR's participation in the Belt and Road Forum for International Co-operation held in Beijing in May 2017, discussions with Mainland authorities on how to assist Hong Kong companies to participate in Belt and Road development, strategies to promote Hong Kong's edge, and offering recommendations and advice on efforts to promote people-to-people bonds, etc. The recommendations and advice had been suitably adopted in the work of the relevant B/Ds. Liaison with B/Ds and different sectors of the community was part of the daily work of the former Commissioner for Belt and Road. CEDB has not kept separate detail records of her work schedule. Expenditure associated with the work of and activities participated by the former Commissioner was absorbed by the overall expenditure of the Bureau in 2017-18. We do not have a further breakdown of expenditure for individual activities.

2. (a) Invest Hong Kong ("InvestHK")'s mission is to attract and retain foreign direct investment and to promote Hong Kong as a leading international business hub. Investors would take into account a host of factors when choosing a location to set up business. Based on InvestHK's daily contact with companies and investors, the opportunities arising from the Belt and Road Initiative are usually one of the considerations for making their investment decision.

In 2017, InvestHK completed a total of 402 investment projects^{Note 1}. The breakdowns by sector, amount of direct investment involved, and number of jobs to be created within the first year of operation or expansion are provided in the table below. As a standing practice, InvestHK will not disclose company-specific information (including the company name) without the consent of the company concerned.

Market	Number of investment projects completed	Amount of direct investment involved (HK\$ billion)	Number of jobs to be created within the first year of operation or expansion
Mainland	86	7.5	1 211
Taiwan	13	0.07	136
Others (including economies along the Belt and Road)	303	9.2	3 751
Total	402	16.77	5 098

Note 1: Investment projects each resulting in an overseas, Mainland or Taiwan company setting up or undergoing a significant expansion in Hong Kong with the assistance of InvestHK. The figures do not include companies set up in Hong Kong without such assistance.

(b) In 2017-18, InvestHK conducted various seminars, with a focus on the Belt and Road Initiative, to attract and assist more companies from the Mainland, Taiwan and overseas companies to set up or expand their business operation in Hong Kong. Details of these events are as follows –

Event	Date	Target participant	Expenditure ^{Note 2}	Follow-up action
“Belt and Road Opportunities: How Chinese Enterprises can Leverage on Hong Kong’s Advantages to Go Global” Seminar in Hong Kong	11 April 2017	Mainland enterprises in Hong Kong	Around \$90,000	InvestHK is pursuing discussion with those that have expressed interest in setting up their business operation in Hong Kong.
“Belt and Road, Together We Grow” Seminar - Taiyuan	23 May 2017	Mainland enterprises in the respective city which are interested in setting up businesses in Hong Kong	Around \$80,000	Ditto
- Xiamen	18 September 2017		Around \$60,000, in addition to a sponsorship amount of RMB 150,000 provided by InvestHK	
- Changsha	18 October 2017		Around \$100,000	
- Chengdu	2 November 2017		Around \$140,000	

Note 2: The figures do not include staff cost as well as general marketing and promotion expense which cannot be separately quantified.

Event	Date	Target participant	Expenditure ^{Note 2}	Follow-up action
“Belt & Road – Seminar on Hong Kong Legal and Dispute Resolution Services” in Beijing	21 November 2017	Ditto	Around \$50,000, in addition to a sponsorship amount of RMB 250,000 provided by InvestHK	Ditto

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)075

(Question Serial No. 3780)

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:

Will the Government advise this Committee on (1) the number of prosecutions against beauty parlours for contravention of the Trade Descriptions Ordinance (TDO) and the number of successful prosecutions in the past 5 years; (2) the number of prosecutions against fitness centres for contravention of the TDO and the number of successful prosecutions in the past 5 years?

Asked by: Hon KWOK Ka-ki (Member Question No. (LegCo use): 78)

Reply:

From the implementation of the amended Trade Descriptions Ordinance (TDO) in July 2013 to December 2017, 10 prosecution cases had been instigated against beauty parlours for contravention of the TDO, and four cases were convicted. On the other hand, there had been one prosecution case and one conviction case against fitness centre for contravention of the TDO.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)076

(Question Serial No. 4216)

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:

Regarding the planning of Site 3 of the new Central Harbourfront, please provide this Committee with the following:

1. a comparison, in table form, between the General Post Office (GPO) in Central and the future reprovisioned headquarters in Kowloon Bay with respect to services provided, and floor areas and numbers of staff of various sections of the GPO; and
2. the timetable for relocating the GPO in Central and the current progress of the relocation.

Asked by: Hon KWOK Ka-ki (Member Question No. (LegCo use): 133)

Reply:

We plan to construct the Hongkong Post (HKP) Building in Kowloon Bay to accommodate the Hongkong Post Headquarters (HKP HQs) currently situated in the GPO Building in Central, some out-housed offices and a new delivery office. The facilities and their areas are tabulated as follows:

	Facility	Existing Area (m²) (Note)	Area in the proposed building (m²) (Note)
<i>To be relocated from the existing GPO Building</i>			
1.	Offices of HKP HQs	5 200 (including 4 570 m ² of HKP HQs offices situated in the existing GPO Building and 630 m ² of the leased office accommodation in Sheung Wan)	5 810 (more area is required for accommodating these facilities in the proposed building because some sections/units in the existing HKP HQs are under-provided based on Government Property Agency's Schedule of Accommodation (SoA) ; these sections/units will be allocated office accommodation in accordance with the SoA in the proposed building)
2.	Ancillary Facilities (conference/meeting rooms, reception areas, a building management office, security guard rooms, server rooms, a service maintenance workshop, vehicles parking spaces, loading/unloading platforms, passenger lifts and cargo lifts, access in offices, etc.)	1 570	1 100
<i>Out-housed offices and a new Delivery Office</i>			
3.	Post Office Staff Training Centre	710 (currently situated in leased commercial building office in Cheung Sha Wan)	700
4.	Bulk Airmail Centre	1 500 (currently situated in leased industrial building office in Tsuen Wan)	1 370

	Facility	Existing Area (m²) (Note)	Area in the proposed building (m²) (Note)
5.	Kowloon Bay Post Office	210 (currently situated in leased office at Sheung Yuet Road, Kowloon Bay)	370
6.	Kowloon Bay Delivery Office (there is currently no delivery office in Kowloon Bay. Provision of the new delivery office is to provide more efficient delivery service to Kowloon Bay and the newly developed Kai Tak area.)	-	1 260
Total Net Operating Floor Area (NOFA)		9 190	10 610

Note: Rounded off to the nearest 10 square meter.

All staff from the HKP HQs currently situated in the GPO Building in Central, relevant out-housed office and the new Kowloon Bay Delivery Office will be relocated to work in the proposed new HKP Building. The total number of staff working in the new HKP Building will be around 900.

The HKP HQs in the GPO Building will be relocated after the completion of the proposed HKP Building. The district-tied postal facilities in the existing GPO Building, namely GPO Delivery Office, Speedpost Section, Counter Office and the Post Office Box Section, will be reprovisioned within the part of Site 3 of the New Central Harbourfront to the north of Lung Wo Road to maintain the services in the Central district, ensuring that the continuous provision of postal services would not be affected.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)077

(Question Serial No. 4335)

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:

1. Of the budget of the Hong Kong Trade Development Council (TDC) for 2017-18, how much was spent on regions and projects related to the Belt and Road Initiative? For the 2018-19 budget, what is TDC's estimated expenditure on regions and projects related to the Belt and Road Initiative?

Asked by: Hon KWOK Ka-ki (Member Question No. (LegCo use): 334)

Reply:

In 2017-18, the Hong Kong Trade Development Council (TDC) organised a variety of activities to help Hong Kong companies tap business opportunities under the Belt and Road Initiative. Among them, the Government and TDC organised the second Belt and Road Summit, attracting over 3 000 distinguished government officials and business leaders from 51 countries and regions, with over 170 investment projects featured and over 210 one-to-one business matching meetings arranged. To help consolidate Hong Kong's market status and its role as the commercial hub for the Belt and Road Initiative, TDC set up the Belt and Road Committee late last year. Through its five working groups targeted at different markets and business sectors, the Committee implemented a comprehensive programme for facilitating the participation of various sectors in Belt and Road development so that they could share the potential benefits brought about by the Initiative. TDC also promoted sectoral opportunities under the Belt and Road Initiative in other large-scale events; organised outbound missions to countries along the Belt and Road to help Hong Kong companies seize business opportunities, and strengthened the content and services of the Belt and Road Portal, including providing actual case references on services that can be provided by Hong Kong companies in countries along the Belt and Road, as well as expanding the database of Hong Kong service providers by adding content on key industry players in risk management, environmental and related technology sectors.

In 2018-19, TDC plans to set up consultant offices in Kazakhstan, Kenya and Saudi Arabia, as well as Hong Kong business associations in Brunei, Chile, Korea and Myanmar. In addition, TDC will establish a Belt and Road Global Forum to connect local, Mainland and international organisations and associations to enable them to tap the business opportunities arising from the Belt and Road Initiative through Hong Kong.

The Government and TDC will organise the third Belt and Road Summit on 28 June 2018. The Summit will target at the professional needs of potential investors and focus on the promotion of Hong Kong's strengths in infrastructure financing, risk management, dispute resolution, etc. The duration of the one-to-one business matching session will also be extended from half day to full day. In addition, TDC will continue to organise outbound missions for finance, infrastructure and professional services sectors to countries along Belt and Road, including ASEAN countries such as Cambodia, Indonesia, the Philippines, and Vietnam.

To strengthen market research and information, TDC will publish market research reports such as *Doing Business in India*, *Infrastructure Opportunities in Russia and Belarus*, etc, and launch a new e-newsletter featuring the latest Belt and Road intelligence and investment opportunities to help businesses grasp new market intelligence.

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

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)078****(Question Serial No. 4350)**

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 post titles, annual salaries and scopes of work of the 10 highest paid individuals in the Hong Kong Tourism Board in the past 3 years?

Asked by: Hon KWOK Ka-ki (Member Question No. (LegCo use): 351)

Reply:

The annual salary ranges of the senior executives of the Hong Kong Tourism Board (HKTB) in the past 3 years are as follows:

Annual salary ranges	Number of Senior executives		
	2015	2016	2017
\$5,000,001 - \$5,500,000	-	-	1
\$4,500,001 - \$5,000,000	-	1	-
\$4,000,001 - \$4,500,000	1	-	-
\$3,500,001 - \$4,000,000	-	-	1
\$3,000,001 - \$3,500,000	1	1	-
\$2,500,001 - \$3,000,000	-	1	2
\$2,000,001 - \$2,500,000	6	5	3
\$1,500,001 - \$2,000,000	1	1	3
\$1,000,001 - \$1,500,000	2	3	2
\$500,001 - \$1,000,000	1	1	2
Total	12	13	14

Note: Due to various factors such as annual salary adjustment, turnover of staff and fluctuation of currency rates, the number of senior executives and their salary ranges vary each year.

In 2017, senior executives of the HKTb include its Executive Director, Deputy Executive Director, 7 General Managers (Business Development, Corporate Affairs, Corporate Services, Event & Product Development, Human Resources & Administration, MICE & Cruise, and Marketing) and 5 Regional Directors. Their respective scope of work are appended below:

Title	Scopes of work
Executive Director	<ul style="list-style-type: none"> • Spearhead the development of the HKTb's strategic direction and guide the organisation to respond to emerging tourism trends with creative strategies and campaigns • Strengthen partnerships with different stakeholders, work closely with the Government, members of tourism-related sectors and organisations and oversee the development and promotion of the Hong Kong tourism brand to visitors from around the world
Deputy Executive Director	<ul style="list-style-type: none"> • Hold responsibility for the business and market development of the organisation, overseeing the Business Development Division and the Worldwide Offices in Asia Pacific, including Greater China, Southeast Asia, Japan, Korea, Australia and New Zealand
General Managers	<ul style="list-style-type: none"> • Lead different divisions of the organisation and formulate strategies to facilitate HKTb's development in respective scopes
Regional Directors	<ul style="list-style-type: none"> • Lead the promotions of the HKTb in respective regions and review local market trends to strengthen partnerships with the travel trade and media, and adopt innovative promotion strategies to meet consumers' demands

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)079****(Question Serial No. 4354)**

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:

Would the Government inform this Committee of the post titles, annual salaries and scopes of work of the 10 highest paid individuals in the Hong Kong Trade Development Council in the past 3 years?

Asked by: Hon KWOK Ka-ki (Member Question No. (LegCo use): 353)

Reply:

The directors of the Hong Kong Trade Development Council (TDC) are TDC's key management and include the Executive Director, Deputy Executive Directors and Assistant Executive Directors. They are responsible for leading other staff of various ranks in organising various trade promotion activities and providing the latest market and product information, so as to create opportunities for Hong Kong companies, promote trade in goods and services as well as connect enterprises around the world through Hong Kong's business platform. In the past three financial years, the number of directors and total expenditure on their salaries and allowances are tabulated as follows:

Financial year	2014-15	2015-16	2016-17
Number of directors	7	7	6
Total expenditure on salaries and allowances	\$26.34 million	\$24.33 million	\$24.63 million

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)080

(Question Serial No. 6307)

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 a key task under the Framework Agreement on Hong Kong/Guangdong Co-operation in 2010, Guangdong and Hong Kong will join hands to drive the establishment of Hong Kong travel agents on a wholly-owned or joint venture basis in Guangdong. How many Hong Kong travel agents on a wholly-owned or joint venture basis are there in Guangdong at present? Will the Administration please list the travel agents concerned?

Asked by: Hon KWOK Ka-ki (Member Question No. (LegCo use): 332)

Reply:

There are currently 5 jointly-owned Hong Kong travel agents in Guangdong, namely Hong Thai International Travel Service Co., Ltd Guangzhou, TE Nice Tour (Shenzhen) Limited, Hong Thai International Travel Services (Shenzhen) Co., Ltd, Le You Wu Zhou International (Shenzhen Limited) and Shenzhen Yummy Holiday Travel Service Co., Ltd.

- End -

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2617)

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 regards continuing to monitor the implementation of the pilot scheme on food trucks and conducting review on the pilot scheme:

- What are the numbers of customers of each food truck at various operation locations since the implementation of the scheme? Please provide detailed breakdowns by food truck and operation locations.
- How many food trucks have withdrawn from the scheme since its implementation? What are the reasons for withdrawal?
- When will the Administration conducted a review on the pilot scheme? When are the results of the review expected to be released? How will the effectiveness of the scheme be assessed?

Asked by: Hon KWOK Wai-keung (Member Question No. (LegCo use): 37)

Reply:

1. Under the Food Truck Pilot Scheme (the Scheme), the business performances of the food trucks should be best assessed through the statements of accounts 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 total patronage figure. 15 food trucks have commenced business successively since February 2017. According to the business data in the operators' statements of accounts, as at 4 February 2018, 3 food trucks recorded gross revenue between HK\$2 million and HK\$2.5 million, 7 between HK\$1.5 million and HK\$2 million, 3 between HK\$1 million and HK\$1.5 million, and a further two operating for a few months recorded gross revenue below HK\$1 million.

2. Since the launch of the Scheme, two operators withdrew from the Scheme on commercial considerations during the licence application process. Another operator subsequently withdrew from operation because he had disagreement with his business partner according to our understanding.
3. The Tourism Commission (TC) conducted a mid-term review on food trucks' operation in January 2018 to look into their business data, their performance at venues and events, etc. Observations revealed that different food trucks' business performance varies and is determined by various factors. TC will continue to observe and evaluate the operating performance of food trucks and effectiveness of the Scheme, 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 are commercially viable, etc.. It is expected that the evaluation result would be available in the third quarter of 2018.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)082

(Question Serial No. 1149)

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 in detail, as at February 2018, the number of successful applications (out of applications received), the amount approved to each successful applicant, and a breakdown of the costs for the operation of the Dedicated Fund on Branding, Upgrading and Domestic Sales.

Asked by: Hon KWOK Wing-hang, Dennis (Member Question No. (LegCo use): 6)

Reply:

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 in the Mainland.

Up to the end of February 2018, the Enterprise Support Programme (ESP) and Organisation Support Programme (OSP) of the BUD Fund have processed 2 018 and 159 applications (excluding all withdrawn applications) respectively. Among which, 1 146 and 70 applications were approved under the ESP and OSP respectively. The total amount of funding approved were \$408 million and \$224 million respectively. The lists of approved projects (including approved funding) are available at the ESP's website at <https://www.bud.hkpc.org> and the OSP's website at <https://www.bud.tid.gov.hk>.

The expenditure of our above work has been subsumed under the provision of the relevant bureau and department. It is difficult to quantify separately.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)083

(Question Serial No. 5947)

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 continued to record huge net losses this year, yet documents claimed that Disneyland has brought about \$8.7 billion of value-added to Hong Kong in 2015-16. Please provide a detailed breakdown of the method of calculation of how this figure was arrived at.

Asked by: Hon KWOK Dennis Wing-hang (Member Question No. (LegCo use): 7)

Reply:

Hong Kong Disneyland Resort (HKDL) is a major component of the tourism infrastructure in Hong Kong which helps consolidate our position as an international premier tourist destination and promote the development of Hong Kong's tourism industry. 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.

In its past 12 years of operation, HKDL received over 70 million guests, generated around \$90.9 billion of total value-added at 2015 prices (equivalent to 0.35% of Hong Kong's Gross Domestic Product) and created a total of 232 500 jobs (in terms of man-years), providing considerable job opportunities for frontline workers and the travel industry.

The calculation of economic benefits is mainly based on the additional spending by visitors to HKDL (including both local and non-local visitors) in Hong Kong (including both spending inside HKDL and elsewhere in Hong Kong), over and above what would have been spent without the theme park.

Based on HKDL's attendance of local and non-local visitors, we first break down non-local visitors into base tourists (i.e. who would have visited Hong Kong even without HKDL, but have spent additional time and money in Hong Kong to visit HKDL) and induced tourists (i.e. tourists whose main purpose of coming to Hong Kong is to visit HKDL), then estimate the additional spending of the different categories of HKDL's visitors according to the relevant survey data compiled by the Census and Statistics Department and Hong Kong Tourism Board. Then, we estimate the total value added from the total additional spending by making reference to the specific operating cost structure of the sectors concerned as well as the linkages between these sectors and the overall economy. Based on the total value added brought by HKDL, as well as the relation between value added and number of persons employed in different sectors, we can then estimate the employment opportunities that can be generated by HKDL.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)084

(Question Serial No. 5948)

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 view of the persistent net losses of the Hong Kong Disneyland, will the Administration provide details on the projection of economic benefits (if any) of Disneyland, including but not limited to projections on operation costs and value-added that the HKDL is envisioned to bring (and how this is calculated).

Asked by: Hon KWOK Dennis Wing-hang (Member Question No. (LegCo use): 8)

Reply:

Hong Kong Disneyland Resort (HKDL) is a major component of the tourism infrastructure in Hong Kong which helps consolidate our position as an international premier tourist destination and promote the development of Hong Kong's tourism industry. 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. In its past 12 years of operation, HKDL received over 70 million guests, generated around \$90.9 billion of total value-added at 2015 prices (equivalent to 0.35% of Hong Kong's Gross Domestic Product) and created a total of 232 500 jobs (in terms of man-years), providing considerable job opportunities for frontline workers and the travel industry.

HKDL is currently implementing a variety of projects under the expansion and development plan (the Plan), which will continue to strengthen HKDL's appeal to guests from all over the world and locals and attract more visitors to Hong Kong. We have conducted an economic assessment of the Plan, the methodology of which involves, based on the number and type of incremental visitors projected under the Plan, estimating the additional spending brought about by these incremental visitors (including spending both

inside HKDL and at other parts of Hong Kong), and then assessing the total value added and employment that can be generated by such additional spending.

The above economic assessment of the Plan concludes that the Plan is likely to bring about considerable net benefits to Hong Kong's economy. Based on 2014 prices, the present value of net economic benefits of the Plan under different scenarios over a 40-year operation period would amount to \$38.5-41.6 billion, while those over a 20-year operation period would amount to \$17.7-18.7 billion. Moreover, the Plan would create considerable employment opportunities, including about 3 450 jobs (in terms of man-year) during the construction stage, and another 600 jobs from the expanded HKDL operation. Furthermore, it is estimated that the total number of jobs created in Hong Kong's economy stemming from the additional spending of the incremental visitors brought about by the Plan would be over 7 000 each year from fiscal year 2030 of HKDL onwards.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)085****(Question Serial No. 0881)**

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

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

Programme: Not Specified

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 Administration will introduce quite a number of initiatives this year to assist small and medium enterprises (SMEs). Would the Administration advise this Committee of the following:

In the past 2 years, what results were achieved by the three funding schemes including the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund), SME Export Marketing and Development Funds and SME Financing Guarantee Scheme? In respect of the applications under each schemes, how many were approved? How many were rejected? What was the amount of funding approved? Did the Administration conduct any regular review on their use and gauge the applicants' feedback? Please give the details, if any.

Asked by: Hon LAM Kin-fung, Jeffrey (Member Question No. (LegCo use): 24)

Reply:

The statistics of the SME support funding schemes in the past two years are as follows:

SME Export Marketing Fund

Year	2016	2017
Applications approved	9 614	8 532
Applications rejected	2 740	2 272
Total amount of grants approved (in million)	\$158.4	\$135.4

SME Development Fund

Year	2016	2017
Applications approved	15	13
Applications rejected	17	9
Total amount of grants approved (in million)	28.6	23.4

The Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund)***Enterprise Support Programme (ESP)***

Year	2016	2017
Applications approved	390	347
Applications rejected	117	84
Total amount of grants approved (in million)	103.7	125

Organisation Support Programme

Year	2016	2017
Applications approved	10	12
Applications rejected	7	9
Total amount of grants approved (in million)	32.4	34.1

The Trade and Industry Department (TID) has been reviewing the operation and implementation of the various funding schemes on an on-going basis, and have implemented enhancement measures, for example, launching the “ESP Easy–Simplified Application Track” under the BUD Fund ESP in August 2015 which adopts a set of simplified application procedures to fund enterprises in undertaking specified activities; and introducing the “Simplified Option” under the 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 if no initial disbursement was required, as well as simplifying the reporting requirements for funded enterprises. TID has also recently reviewed the application requirements and vetting mechanism of the ESP with a view to providing SMEs, particularly start-ups, with more flexible and facilitating support. Proposed measures are as follows:

- Waiving the requirements on the number of years of substantive business operations in Hong Kong to provide greater facilitation to start-ups.
- Consolidating various application categories and application forms under the current ESP. Enterprises only need to fill in the same form which will make application procedures easier and user-friendly.
- Streamlining the requirements on enterprises’ procurement procedures by reducing the number of quotations required so as to reduce enterprises’ administration costs.
- Providing full funding for audited account required under the project, with a ceiling \$10,000, so as to reduce enterprises’ cost of using the funding.
- Providing enterprises with greater flexibility and autonomy in the reallocation of grant amongst approved budget items.

The 2018-19 Budget proposes to inject \$1 billion into the SME Export Marketing and Development Funds and introduce enhancement measures to strengthen the support for SMEs. We propose to increase the cumulative funding ceiling under the EMF for individual SMEs from \$200,000 currently to \$400,000, increase the maximum grant for each application from \$50,000 to \$100,000 and remove the existing condition on the use of the last \$50,000 of grants to fully support SMEs in exploring new markets and new business opportunities.

In addition, the Budget also proposes to inject \$1.5 billion into the BUD Fund to increase the cumulative funding ceiling for individual enterprises under the ESP for undertaking projects in the Mainland from \$500,000 to \$1 million; and to extend the geographical scope of the ESP to include the ASEAN markets. The cumulative funding ceiling for individual enterprises undertaking projects in ASEAN markets will also be \$1 million.

We conducted a briefing on 5 March 2018 to brief the trade, including members of Trade and Industry Advisory Board, Small and Medium Enterprises Committee, representatives of local major trade and industrial organisations, SME associations, professional bodies and trade associations, on the proposed enhancement measures. The trade supported our proposals in general. We have consulted the Legislative Council Panel on Commerce and Industry on the proposals and will seek funding approval of the Finance Committee.

SME Financing Guarantee Scheme

The Hong Kong Mortgage Corporation Limited (HKMC) launched the special concessionary measures under its existing SME Financing Guarantee Scheme 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 2018, the HKMC has received over 14 700 applications and approved over 13 100 of them, involving a total loan amount of about \$52.3 billion and a total guarantee amount of about \$41.8 billion.

As at the end of February 2018, the statistics related to applications under the special concessionary measures in the past two years are as follows:

Year	2016	2017
No. of applications approved *	750	1 406
Applications rejected	9	10
Facility amount for applications approved (in billion) #	2.428	5.614

* Excluding applications withdrawn by participating lenders after approval.

The facility amount is the total loan amount provided by participating lenders to approved enterprises under the special concessionary measures, of which 80% is guaranteed by the Government.

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 to ensure that adequate support is provided to SMEs.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)086****(Question Serial No. 0897)**

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 provide, year by year, the number of complaints received by the authorities since the commencement of the Trade Descriptions Ordinance (TDO) (Cap. 362) on fitness centres using unscrupulous sales practices to promote their services, together with the number of prosecutions instituted against fitness centres or the persons concerned.

Will the Government strengthen its promotion and education efforts this year? If so, please provide the details of the plan and expenditure involved; if not, the reasons for that.

Asked by: Hon LAM Kin-fung, Jeffrey (Member Question No. (LegCo use): 43)

Reply:

Since the implementation of the Ordinance on 19 July 2013, the number of complaints received by the Customs and Excise Department (C&ED) against fitness centres or yoga centres alleging breaches of the Trade Descriptions Ordinance (TDO) is as follows:

	Since 19 July 2013	2014	2015	2016	2017
Number of complaints	36	111	237	1 867(Note)	270
Number of fitness centre or yoga centre companies involved	7	10	16	19	25
Number of prosecutions instituted	0	0	0	0	1

(Note) Among the complaints received, 1 672 were against the closure of 1 chain fitness centre.

While C&ED conducts investigations into complaints against fitness centres or yoga centres involving use of unscrupulous sales tactics, more than 80 per cent of the complaints could not proceed because of complainant's withdrawal or reluctance to further assist in investigation. Between the commencement of the amended TDO in July 2013 and December 2017, C&ED arrested a total of 55 people in connection with 11 cases for further investigation, initiated one prosecution case against two persons involved with a fitness centre. They were charged with applying false trade description to the service supplied and deploying aggressive commercial practice in the course of trade, and were sentenced to 120 and 160 hours of community service orders respectively.

C&ED will continue to actively enforce the TDO by adopting a three-pronged approach, including stringent enforcement, compliance promotion as well as public education and publicity, in order to protect consumers through suppression of 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, 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 180 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 strengthening collaboration with the Consumer Council, C&ED has been promoting the message of smart shopping to the general public through various media.

In 2018-19, C&ED will strengthen the above work, including taking the initiative to convene meetings with the management and representatives among different industries, including the fitness industry, with a view to reminding them of the importance to comply with the fair trading provisions and supervisory responsibilities. Besides, in order to let the general public have a more concrete understanding of the various types of unfair trade practices, C&ED published the second edition of a booklet on cases of successful prosecutions under the TDO in March 2018. The booklet strengthens the knowledge of traders and consumers on the TDO, promoting compliance and the significance of consumer rights. Furthermore, C&ED will upload to its website the common modus operandi employed by unscrupulous traders, and results and details of compliance or enforcement cases. To serve as a deterrent, C&ED will publicise through the media details and sentences of cases involving unfair trade practices so as to remind unscrupulous traders of the serious consequences for violation of the TDO.

In 2018-19, 190 officers of C&ED will be deployed for carrying out the enforcement work under the TDO. The estimated expenditure involved will be \$95.44 million. Also, the

expenditure involved in compliance promotion and public education has been subsumed within the Department's provisions, it is difficult to quantify such expenditure separately.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)087

(Question Serial No. 0916)

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

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

Programme: Not Specified

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 priorities of the Commerce and Economic Development Bureau is to lead and co-ordinate the work on the Belt and Road Initiative, including strategy formulation and implementation of programmes and initiatives with a view to seeking out Belt and Road related business opportunities.

What plans does the Government have in 2018-19 to help small and medium enterprises seek out Belt and Road related business opportunities? What is the estimated expenditure?

Asked by: Hon LAM Kin-fung, Jeffrey (Member Question No. (LegCo use): 8)

Reply:

Tremendous business opportunities are brought about by the Belt and Road (B&R) Initiative and the Development Plan for a city cluster in the Guangdong-Hong Kong-Macao Bay Area (Bay Area). We will propose a series of measures to enhance the funding schemes so as to help SMEs, including start-ups, capture economic opportunities and boost their competitiveness.

The 2018-19 Budget proposes to inject \$1 billion into the SME Export Marketing and Development Funds and introduce enhancement measures to strengthen the support for SMEs. We propose to increase the cumulative funding ceiling under the SME Export Marketing Fund for individual SMEs from \$200,000 currently to \$400,000, increase the maximum grant for each application from \$50,000 to \$100,000 and remove the existing condition on the use of the last \$50,000 of grants to fully support SMEs in exploring new markets (including those in the Bay Area and along B&R) and new business opportunities.

The Budget also proposes to inject \$1.5 billion into the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) to increase the cumulative funding ceiling for

individual enterprises under the Enterprise Support Programme (ESP) for undertaking projects in the Mainland from \$500,000 to \$1 million; and to extend the geographical scope of the ESP to include the ASEAN markets. The cumulative funding ceiling for individual enterprises undertaking projects in ASEAN markets will also be \$1 million.

We conducted a briefing on 5 March 2018 to brief the trade, including members of Trade and Industry Advisory Board, Small and Medium Enterprises Committee, representatives of local major trade and industrial organisations, SME associations, professional bodies and trade associations on the proposed enhancement measures. The trade supported our proposals in general. We consulted the Legislative Council Panel on Commerce and Industry on the proposals and will seek funding approval of the Finance Committee.

The Hong Kong Trade Development Council (TDC) will continue to organise a variety of activities to help Hong Kong companies tap business opportunities under the Belt and Road Initiative and Bay Area development. The Government and TDC will organise the third Belt and Road Summit on 28 June 2018. The Summit will target the professional needs of potential investors and focus on promoting Hong Kong's strengths in infrastructure financing, risk management, dispute resolution, etc. The duration of the one-to-one business matching session will also be extended from half day to full day. In addition, TDC will continue to organise investment and business missions for Hong Kong companies to cities in the Bay Area and countries along the Belt and Road, including ASEAN countries such as Cambodia, Indonesia, the Philippines, and Vietnam, and explore organising joint overseas missions with Bay Area cities to explore investment and cooperation opportunities. To strengthen market research and information, TDC will publish market research reports such as *Doing Business in India*, *Infrastructure Opportunities in Russia and Belarus*, etc., and launch a new e-newsletter featuring the latest Belt and Road intelligence and investment opportunities to help businesses to follow closely the market changes.

In addition, continued efforts will be made by the Belt and Road Office under the Commerce and Economic Development Bureau to reinforce links with the Mainland as well as countries and regions along and related to the Belt and Road, including leading business and professional delegations to these economies, with a view to exploring new investment and co-operation opportunities under the Belt and Road Initiative.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)088

(Question Serial No. 0271)

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 is committed to promoting green tourism and bringing more choices for tourists. Regarding the expenditure for promoting tourism, the estimated expenditure for 2018-19 has increased by 60.1% to \$370 million. In this connection, please 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 details, expenditure involved and manpower arrangement for enhancing supporting facilities at popular hiking trails and those with good tourism potentials, as mentioned by the Financial Secretary in paragraph 106 of the Budget Speech;
- (3) the latest progress of the pilot scheme in which the Government had provided an additional funding of \$5 million to the Hong Kong Tourism Board in 2017-18 to promote in-depth green tourism, with a view to encouraging the travel trade for introducing and operating in-depth green tourism products.

Asked by: Hon LAU Ip-keung, Kenneth (Member Question No. (LegCo use): 30)

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 the 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 digital media, visitor hotline, visitor centres and public relations programmes. In 2017-18, the HKTb promoted over 230 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 2017, the Scheme had subsidised 46 tour products, including a number of guided tours featuring the arts and culture, for example, the "Dream Seeking Journey", which brings visitors to Jockey Club Creative Arts Centre (JCCAC) and enables cultural exchange with locals ; "Our Childhood", which showcases old ways of life through visiting two historical Hong Kong homes, Choi Hung Estate and Ping Shek Estate ; and "Back to Old Hong Kong", which introduces the unique octagonal architectural features of Lin Fa Temple and Tai Hang Fire Dragon Dance to visitors, etc. The HKTb will continue to run this Scheme in 2018-19.
 - The brand new programme "Old Town Central" launched last year received positive feedbacks from visitors and travel trade and was considered to be beneficial to the promotion of history, heritage and cultural tourism. The programme has generated global publicity value of \$140 million. In tune with the revitalisation of the Dr Sun Yat-sen Historical Trail and Tai Kwun (the former Central Police Station Compound) which are due to open in 2018, the HKTb will further enrich the programme contents of "Old Town Central".
 - The HKTb plans to extend the "Old Town Central" programme model to promote other districts, with a view to encouraging visitors to explore different areas in Hong Kong and experience its unique local culture. In 2018-19, the HKTb plans to extend the programme beyond Central to other districts, including Sham Shui Po.

- 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 also 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 the outlying islands, as well as guided tours and green tourism products organised by the travel trade and other organisations.
 - In 2017-18, the HKTb produced around 200,000 hiking guidebooks to recommend twelve hiking trails and cycling routes, and suggest the best photography locations to visitors during the “Great Outdoors Hong Kong” promotion period.
 - In 2018-19, 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 order to promote green tourism, the Government has earmarked an annual funding of \$15 million from 2018-19 to 2022-23 to enhance the tourism supporting facilities of some popular hiking trails as well as those with tourism appeal potential within country parks. The proposed works include improvement to existing hiking trail network, control of soil erosion at the trails, enhancement of vegetation coverage, addition of lookout points and enrichment of information boards, etc. Furthermore, the Government will enhance the relevant thematic website and mobile application to provide detailed information on hiking and enrich visitors’ experience. The staffing for the project will be redeployed from the existing establishment of Agriculture, Fisheries and Conservation Department, and it is difficult to quantify the amount separately.
- (3) The Pilot Scheme to Promote In-depth Green Tourism (the Scheme), which was open for application in September 2017, aims to provide subsidy for the travel trade to develop in-depth green tourism products. The Scheme received 16 applications, in which five green tourism products were subsidised and released to market for six months in mid-January 2018. The HKTb is working with the travel trade to promote these products in different visitor source markets.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)089****(Question Serial No. 0272)**

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 indicated that it would 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. (1) What were the numbers 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 prosecutions 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. (LegCo use): 31)

Reply:

- (1) Under the current regulatory regime of the tourism sector, the Travel Industry Council of Hong Kong (TIC) is responsible for the self-regulation of the travel trade, including putting in place a mechanism to handle travellers' complaints against Hong Kong travel agents and tourist guides. The numbers of complaints received by TIC from the Mainland inbound tour group visitors during the past 3 years are as follows:

	2015	2016	2017
Total number of complaints from Mainland inbound tour group visitors (cases)*	260	161	195
Arrangements of travel agents (complaint items)	10	9	12
Services of tourist guides (complaint items)	143	58	72
Shopping related matters (complaint items)	148	110	140

* A single case may involve more than one complaint item.

- (2) TIC has regulations requiring travel agents to register the information about designated shops with TIC in advance before arranging tour group members to patronise such shops. Registered shops must pledge to comply with TIC's requirements (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 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:

	2015	2016	2017
Number of cases where registered shops were in breach of pledges	5 cases	6 cases	4 cases

- (3) In 2018-19, out of the Government's recurrent allocation to the Hong Kong Tourism Board (HKTb), the proposed marketing budget for the Mainland market is \$38 million, of which 80% will go to non-Guangdong areas and 20% will go to Guangdong Province to attract more overnight visitors. Leveraging the upcoming commissioning of the Hong Kong Section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link (XRL) and the Guangdong-Hong Kong-Macao Bay Area development, HKTb will step up its promotion in tier-two and tier-three cities in the central and western parts of the Mainland. Key initiatives include promoting Hong Kong's hospitable image and tourist-friendly culture, and partnering with the travel trade to roll out different themed products and offers.

Furthermore, the Government has allocated an additional funding of \$226 million from the 2018-19 Budget to HKTb for strengthening marketing promotion, of which the initiatives that will be undertaken in the Mainland include advertising, cruise promotion, promotion upon the commissioning of XRL and the Hong Kong-Zhuhai-Macao Bridge, and promotion of the Quality and Honest Hong Kong Tours and Quality Tourism Services Scheme.

As the abovementioned promotion work involves a number of aspects and will be undertaken by various departments in HKTb Head Office and Mainland offices, and the expenditure on publicity will be subsumed into such various aspects, it is difficult to break down and quantify the relevant expenditure items and establishment earmarked.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)090

(Question Serial No. 0291)

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 Belt and Road Initiative can facilitate the flow of people, goods and capital of Hong Kong. To seize this opportunity and maintain our competitive edge, the work of the Belt and Road Office (BRO) is of great importance. Will the Government inform this Committee of:

1. the existing manpower establishment of the BRO and any changes in 2018-19;
2. the results achieved by the BRO in the past year, and details of priority tasks and targets of the BRO in 2018-19; and
3. whether the Government would set performance targets and indicators for the BRO to assess its performance.

Asked by: Hon Kenneth LAU Ip-keung (Member Question No. (LegCo use): 11)

Reply:

1. In 2017-18, the Belt and Road Office (BRO) has a total establishment of 16. For 2018-19, additional resources will be provided to the Office, including planned creation of five additional civil service posts. The total establishment of BRO is planned to increase to 21.
2. In the past year, BRO has enhanced collaboration with Central Authorities in pursuing the Belt and Road Initiative. The Arrangement between National Development and Reform Commission and HKSAR Government on Advancing Hong Kong's Full Participation in and Contribution to Belt and Road Initiative (the Arrangement) was signed in December 2017. Efforts have also been taken to promote exchanges and

collaboration at government and industry levels with countries and regions along and related to the Belt and Road, e.g. a mission to Cambodia and Vietnam with delegates comprising government officials, businessmen and professionals was conducted in March 2018 to explore the two emerging markets, identify investment opportunities, and facilitate networking and co-operation between Hong Kong and local enterprises therein. Furthermore, we are proactively building effective platforms to promote fuller participation of different sectors in the Initiative. For instance, the Government co-organised with Hong Kong Trade Development Council (TDC) the second Belt and Road Summit in September 2017, and organised in conjunction with the Belt and Road General Chamber of Commerce a seminar entitled “Strategies and Opportunities under the Belt and Road Initiative - Leveraging Hong Kong’s Advantages, Meeting the Country’s Needs” in February 2018 in Beijing.

For the coming year, BRO will continue to provide policy input for formulation of the Belt and Road Initiative (B&RI) related measures and co-ordination amongst Bureaux / Departments, etc. It will strengthen communication and relationship with the relevant Mainland authorities by establishing a Joint Conference mechanism under the Arrangement, and co-ordinate the implementation of the measures in the Arrangement. Continued efforts will be made to reinforce links with the Mainland as well as countries and regions along and related to the Belt and Road, including leading business and professional delegations to visit these economies with a view to exploring new investment and co-operation opportunities under B&RI. As well, BRO will continue to co-organise with TDC the third Belt and Road Summit in June 2018, making it a key platform to promote and foster Hong Kong as an international Belt and Road commerce and trading platform.

3. While the work of BRO will cover a wide range of sectors, its impact will be subject to the interactions between different stakeholders as well as a large number of external factors, etc. It is therefore difficult to estimate and quantify the performance of BRO.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)091

(Question Serial No. 5119)

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 “Dedicated Fund on Branding, Upgrading and Domestic Sales” (the BUD Fund) aims to provide funding support to assist Hong Kong enterprises in exploring and developing the Mainland market.

(1) What are the numbers of enterprises applying for the Bud Fund and successful applications in each of the past 5 years? What are the balance and operating expenditures of the Fund and its staffing arrangements at present?

(2) Given the business opportunities offered by the Belt and Road Initiative, has the Government provided successful applicants for the BUD Fund with other support in addition to funding, such as organising training activities and workshops for these enterprises or inviting them to major business and trade seminars? If yes, what are the details? If not, what are the reasons?

Asked by: Hon LAU Kwok-fan (Member Question No. (LegCo use): 32)

Reply:

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.

The numbers of applications received for the BUD Fund and successful applications in each of the past 5 years are as follows:

Enterprise Support Programme (ESP)

	2013	2014	2015	2016	2017
Number of applications received*	430	254	404	625	578
Number of applications approved	103	85	129	390	347

Organisation Support Programme (OSP)

	2013	2014	2015	2016	2017
Number of applications received*	50	28	21	26	21
Number of applications approved	20	8	5	10	12

* Applications received in a year may not be processed in the same year.

Up to the end of February 2018, the ESP and OSP of the BUD Fund have processed 2 018 and 159 applications (excluding all withdrawn applications) respectively. Among these, 1 146 and 70 applications were approved under the ESP and OSP respectively and the total amount of funding approved were \$408 million and \$224 million respectively. Up to the end of February 2018, the utilisation rate of the BUD Fund was about 74% with an uncommitted balance of about \$260 million. 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.

Enterprises may also participate in the various activities organised by the Hong Kong Trade Development Council (TDC) to tap business opportunities under the Belt and Road Initiative and Bay Area development. The Government and TDC will organise the third Belt and Road Summit on 28 June 2018. The Summit will target the professional needs of potential investors and focus on promoting Hong Kong's strengths in infrastructure financing, risk management, dispute resolution, etc. The duration of the one-to-one business matching session will also be extended from half day to full day. In addition, TDC will continue to organise investment and business missions for Hong Kong companies to cities in the Bay Area and countries along the Belt and Road, including ASEAN countries such as Cambodia, Indonesia, the Philippines, and Vietnam, and explore organising joint overseas missions with Bay Area cities to explore investment and cooperation opportunities. To strengthen market research and information, TDC will publish market research reports such as *Doing Business in India*, *Infrastructure Opportunities in Russia and Belarus*, etc., and launch a new e-newsletter featuring the latest Belt and Road intelligence and investment opportunities to help businesses follow closely the market changes.

In addition, continued efforts will be made by the Belt and Road Office under the Commerce and Economic Development Bureau to reinforce links with the Mainland as well as countries and regions along and related to the Belt and Road, including leading business and professional delegations to these economies, with a view to exploring new investment and co-operation opportunities under the Belt and Road Initiative.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)092****(Question Serial No. 1868)**

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:

One of the Matters Requiring Special Attention in 2018–19 under this Programme is: “continue to work closely with the Advisory Committee on Cruise Industry, the operators of the 2 cruise terminals, and the Hong Kong Tourism Board to develop Hong Kong into a leading cruise hub in the region”. The Report No. 68 of the Director of Audit published in April last year pointed out that the performance of the Kai Tak Cruise Terminal (KTCT) was below expectation. Some members of the tourism industry consider that the visitor flow at KTCT is persistently low, and it is like a ghost town. Hence, the Government’s objective of developing Hong Kong into an Asia cruise hub through KTCT has become too remote to reach. Does the Government have any plan to revitalise KTCT in 2018-19? What are the details and the expenditure involved? Will the Government take heed of the advice of members of the local community and introduce targeted measures to divert Mainland tour groups from old districts to KTCT so as to alleviating the pressure on old districts? If yes, what are the details; if no, what are the reasons?

Asked by: Hon LEE Wai-king, Starry (Member Question No. (LegCo use): 3)

Reply:

The Government is committed to developing cruise tourism. The Kai Tak Cruise Terminal (KTCT) is an important infrastructure for the development of cruise tourism in Hong Kong. The primary objective of constructing the KTCT is to provide berthing capacity for large cruise ships and to provide immigration facilities to handle a large amount of cruise passengers at the time during cruise ships at berth, so as to provide efficient services and convenient experiences to cruise passengers. The KTCT is not positioned as a shopping mall. However, for better utilisation of the facilities thereat, there is a park at the rooftop of the KTCT building that is open all year-round for use by members of the public as well as visitors. On the other hand, we also encourage the hosting of different kinds of events at the KTCT, provided that they do not compromise cruise operations.

The business of the KTCT has been growing steadily in the past few years with its number of ship calls increased from 9 in 2013 to 186 in 2017. This has driven the total number of ship calls in Hong Kong as a whole to increase from 89 in 2013 to 245 in 2017. The total passenger throughput in Hong Kong as a whole has also increased from around 200 000 in 2013 to over 900 000 in 2017. Back in the earlier years when the Government was considering the construction of the KTCT, the Government projected that the number of ship calls and cruise passenger throughput in Hong Kong as a whole would range from 181 to 258 and from 564 102 to 1 041 031 respectively by 2023. In other words, the number of ship calls and cruise passenger throughput in Hong Kong as a whole in 2017 have both achieved, ahead of plan, the then projected performance by 2023.

In 2017, there were 161 calendar days with cruise ships berthing at the KTCT. In other words, there were cruise ships at berth almost every other day. Besides, since the commissioning of the KTCT, there have been different kinds of events taking place at the KTCT involving a total of around 190 calendar days (including setting up, dismantling and reinstatement) with participants ranging from several hundreds to over 50 000.

As we have mentioned in the discussion paper and the supplementary information paper submitted to the Legislative Council Panel on Economic Development earlier, the Government is adopting multi-pronged strategy and plan to further enhance the vibrancy of the KTCT as well as to bring more people thereto. In gist, we are continuously improving the transport infrastructure and services so as to enhance the accessibility of the KTCT. In terms of public transport services, there are currently franchised buses, green minibuses and ferries providing daily services that connect the KTCT and the vicinity with other locations. In the first half of this year, there will be a new franchised bus route connecting the KTCT. We are also leveraging on and exploiting the opportunities brought about by the operation of the ancillary commercial areas (e.g. striving to ensure that the ancillary commercial areas are fully let, facilitating the shops to make good use of the communal areas of the KTCT to organise activities, and arranging the setting up of small-scale pop-up stores at the passenger waiting halls of the KTCT during the days with ship calls for selling souvenirs and drinks). We will continue to drive and facilitate the hosting of more non-cruise events at the KTCT, including further exploring ways to identify slots for more non-cruise events at the KTCT notwithstanding the increasingly busy cruise schedule. We are exploring to partner with non-governmental organisations, such as sports associations in Hong Kong, to support their use of the communal areas and facilities of the KTCT for organising events. We will also continue to facilitate the trade in bringing more tour groups to the open space of the KTCT (e.g. the KTCT Park at the rooftop and the adjacent Runway Park).

The terminal operator has, through the Travel Industry Council of Hong Kong, disseminated information to the trade (including tour operators that receive Mainland tour groups) on the arrangements for bringing tour groups to the KTCT (e.g. pick-up and drop-off arrangements for coach buses), as well as encouraged them to arrange more tour groups to the KTCT. As observed recently, there have been more tour operators arranging tour groups (including Mainland visitors) to visit the open space of the KTCT.

The commercial areas of the KTCT are currently fully occupied. However, one of the merchants has ceased operation since June 2016 due to its own operational issues. The terminal operator is recovering the vacant possession of the shop through legal proceedings.

We are open-minded to the local's proposal of relocating some of the restaurants and shops that mainly serve Mainland tour groups from some old districts in Hong Kong to the KTCT. Such proposal hinges on the wish and commercial decisions of the merchants. For any merchants (including restaurants and souvenir shops mainly serving inbound tour groups) who are interested in operating at the KTCT, they are welcome to approach the terminal operator for discussion.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)093

(Question Serial No. 1891)

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. (LegCo use): 30)

Reply:

In order to protect the confidentiality of investigation work, the Competition 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. In 2016-17, the Commission processed 1 185 complaints and enquires, about 60% of which were related to the first conduct rule. Among them, about half of them were related to cartel conducts, including bid-rigging and price-fixing.

In March 2017, the Commission brought a case to the Competition Tribunal against five information technology companies for suspected bid-rigging. The case would be heard in June 2018.

In August 2017, the Commission brought another case to the Competition Tribunal against 10 construction and engineering companies for suspected market sharing and price fixing in relation to the provision of renovation services for a public rental housing estate. The hearing has been tentatively fixed in November 2018.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)094

(Question Serial No. 2381)

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 2018-19?

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 Kenneth LEUNG Kai-cheong (Member Question No. (LegCo use): 2.02)

Reply:

For the coming year, the Belt and Road Office (BRO) will continue to provide policy input for formulation of the Belt and Road Initiative (B&RI) related measures and co-ordination amongst Bureaux / Departments, etc. It will strengthen communication and relationship with the relevant Mainland authorities by establishing a Joint Conference mechanism under the Arrangement between the National Development and Reform Commission and HKSAR Government on Advancing Hong Kong's Full Participation in and Contribution to B&RI (the Arrangement), which was signed in December 2017. The Office will co-ordinate the implementation of the measures in the Arrangement. Continued efforts will be made to reinforce links with the Mainland as well as countries and regions along and related to the Belt and Road, including leading business and professional delegations to visit these economies with a view to exploring new investment and co-operation opportunities under B&RI. As well, BRO will continue to co-organise with Hong Kong Trade Development Council the third Belt and Road Summit in June 2018, making it a key platform to promote and foster Hong Kong as an international Belt and Road commerce and trading platform.

In 2018-19, BRO plans to increase its total establishment to 21 (19 permanent and 2 time-limited posts), comprising 18 posts from the grades of Administrative Officer, Trade Officer, Executive Officer, Clerical and Personal Secretary etc., and proposed creation of 3 directorate officer posts. The estimated overall expenditure of BRO for 2018-19 is \$39.137 million, which is mainly for salaries and other operating expenses for taking forward the above areas of work.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)095

(Question Serial No. 2383)

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 launching of a new tourism project along the two sides of the Victoria Harbour that makes use of creative technology and a light installation project at the Central Harbourfront, please provide the following information:

- (a) the locations and buildings to be involved under the projects;
- (b) the expenses to be incurred for the advance preparations including design, planning and construction of the projects; and
- (c) the annual operating expenditure to be incurred by the projects.

Asked by: Hon LEUNG Kenneth (Member Question No. (LegCo use): 2.04)

Reply:

The Government plans to partner with a local creative media school to take forward a project in bringing visitors back to life the history of individual landmarks of Hong Kong by using augmented reality and creative multimedia technology through mobile application to enable visitors to understand the historical landscape and community culture, thereby enhancing their experience in Hong Kong. The first phase of this 3-year project is tentatively scheduled for launching in the Tsim Sha Tsui and Central areas in late 2018 and Sham Shui Po and other locations will be included thereafter.

In addition, to enhance the tourism characteristics of Victoria Harbour and its promenade, we will set up light installations at the Central and Western District Promenade (Central Section) and Tamar Park. We are drawing up the project plan and will announce the details in due course.

From 2018-19 to 2020-21, the Government has reserved a total of \$59 million for the two projects. The projects will be implemented with existing manpower and the related expenditure is subsumed under the establishment of the Commerce, Industry and Tourism Branch of this Bureau.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)096

(Question Serial No. 2384)

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 plan to develop the Kai Tak Tourism Node into a world-class tourism, entertainment and leisure attraction”, what studies have been conducted by the Government? Please provide the details, staff establishment involved and timetable for implementing the plan.

Asked by: Hon LEUNG Kenneth (Member Question No. (LegCo use): 2.05)

Reply:

The Government is continuing to explore the Kai Tak Tourism Node project, and will announce the way forward of the project in due course once a decision is made on the project.

The expenditures of the project for the Tourism Commission in 2017-18 and 2018-19 are around \$3.586 million and around \$2.902 million respectively, including the additional manpower and the expenses for commissioning the relevant consultancy.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)097****(Question Serial No. 2413)**

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 2018-19 financial year:

Location	Date	Activities	Estimates	Manpower and funding involved

Asked by: Hon LEUNG Kenneth (Member Question No. (LegCo use): 2.12)

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 2018-19, 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 plans to organise investment promotion seminars in various high-growth Mainland cities such as Beijing, Chengdu, Guangzhou and Xiamen, etc.. InvestHK is now in discussion with its counterparts in Guangdong and Macao on the joint promotion plan for 2018-19, for further raising the awareness and interest of overseas investors towards the business opportunities in the region. InvestHK will also strengthen its digital marketing and social media strategy to attract more Mainland and international companies to set up in Hong Kong.

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 IPU 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 activities in target markets including Southeast Asia, India and the Middle East 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 targeted sectors and markets, such as SmartHK 2018 in Hangzhou, Consensus 2018 in New York, AVCJ Private Equity Forum in the Mainland, and Marine Money in Shanghai, New York and Singapore. In addition, InvestHK will maximize the promotional impact through advertising and social media channels (e.g. WeChat, LinkedIn, Twitter).

The estimated expenditure for InvestHK on investment promotion work for 2018-19 is \$41 million. The figure does not include staff cost and administrative overhead expenses which cannot be quantified separately.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)098

(Question Serial No. 2451)

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 Small and Medium Enterprises Financing Guarantee Scheme, please provide the following information since 2011 by year:

- (1) the number of applications received each year;
- (2) the number of applications with loan guarantee approved;
- (3) the amount of total loan guarantee approved; and
- (4) a breakdown by the industry to which the relevant enterprises belong.

Asked by: Hon LEUNG Kenneth (Member Question No. (LegCo use): 2.14)

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 six times to the end of February 2019, 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 2018, the statistics related to applications under the special concessionary measures are as follows:

	2013	2014	2015	2016	2017	2018 (1 January – 28 February)
No. of applications received	3 346	1 887	1 182	889	1 600	276
No. of applications approved *	2 948	1 645	1 027	750	1 406	260
Amount of total loan guarantee approved	\$8.962 billion	\$4.652 billion	\$2.725 billion	\$1.942 billion	\$4.491 billion	\$0.857 billion

* Excluding applications withdrawn by participating lenders after approval.

As at the end of February 2018, the statistics related to the approved applications under the special concessionary measures, by industry, are as follows:

Industries	No. of applications approved					
	2013	2014	2015	2016	2017	2018 (1 January – 28 February)
Manufacturing	754	260	165	102	183	42
Textiles and clothing	155	38	18	12	30	5
Electronics	70	20	15	6	24	3
Plastics	63	28	15	6	13	1
Printing and publishing	52	15	13	11	13	2
Others	414	159	104	67	103	31
Non-manufacturing	2 194	1 385	862	648	1 223	218
Trading	1 318	838	478	327	640	113
Wholesale and retail	230	137	117	97	169	33
Construction	78	55	37	45	65	9
Engineering	85	67	49	25	68	13
Transport/logistics	77	42	30	28	43	5
Others	406	246	151	126	238	45
Total	2 948	1 645	1 027	750	1 406	260

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)099

(Question Serial No. 5909)

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 implementation of the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) (including the Enterprise Support Programme (ESP) and the Organisation Support Programme (OSP)), please inform this Committee of the following information:

the respective numbers of applications, applications withdrawn and approved for the ESP and OSP under the BUD Fund in each of the past 5 years;

whether the Government has analysed the reasons of the cases of application withdrawals or rejections; if yes, of the detailed justifications and the relevant breakdown; if it has not, the reasons for that; and

the breakdown of approved applications by sectoral distribution and coverage.

Asked by: Hon LEUNG Kenneth (Member Question No. (LegCo use): 2.19)

Reply:

In the past five years, the number of applications received, withdrawn and approved under the Enterprise Support Programme (ESP) and the Organisation Support Programme (OSP) of the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) are as follows:

ESP

	2013	2014	2015	2016	2017
Applications received	430	254	404	625	578
(applications withdrawn)	(103)	(54)	(97)	(156)	(153)
Applications Approved	103	85	129	390	347

Applications were withdrawn by enterprises generally because of internal reasons. The main reasons for rejection included the applicant could not justify how the proposed activities assist in its business development in the Mainland; the applicant enterprises could not demonstrate clearly their capability in implementing the projects or did not meet the eligibility requirements, and the implementation of the projects lacked concrete details etc. The Secretariat of ESP would inform the applicant enterprises concerned of the reasons for rejection, and remind them of the areas which require attention or improvement if they apply again.

Up to the end of February 2018, the approved applications under the ESP were mainly from the sectors of wholesale and retail, import and export trade, and textile and clothing. Most approved projects covered the area of promoting domestic sales in the Mainland, followed by branding.

OSP

	2013	2014	2015	2016	2017
Applications received	50	28	21	26	21
(applications withdrawn)	(10)	(5)	(5)	(5)	(2)
Applications Approved	20	8	5	10	12

Applications were withdrawn by applicant organisations generally because of internal reasons. The main reasons for rejection included the proposed projects could not effectively assist enterprises to enhance their competitiveness in the Mainland and develop the Mainland business; the project proposals were not clear or the implementation of the projects lacked concrete details; and the proposed budget was not cost effective etc. The Secretariat of the OSP would inform the applicant organisations concerned of the reasons for rejection, and remind them of the areas which require attention or improvement if they apply again.

Up to the end of February 2018, approved applications under the OSP mainly come from cross-sector, information technology, food and beverage, and textiles and clothing. Most approved projects covered the area of promoting domestic sales in the Mainland, followed by branding.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)100

(Question Serial No. 1552)

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:

There are sudden closures of some major shops or chain stores, resulting in a large number of pre-paid members seeking assistance. In the absence of any prior notice, consumers lost a not insubstantial amount of money but were unable to claim. In this connection, will the Government advise on the following:

1. whether any resources have been provided for studying how to assist consumers affected by sudden closures of shops or stores; if so, the details; if not, the reasons for that;
2. whether the Customs and Excise Department and other law enforcement agencies are provided with resources to inform consumers about the channels for making claims;
3. in addition to the Consumer Legal Action Fund, whether the Consumer Council will be provided with additional resources or more power to assist affected consumers?

Asked by: Hon LEUNG Mei-fun, Priscilla (Member Question No. (LegCo use): 17)

Reply:

While pre-payment can be convenient to both consumers and traders, it involves a certain level of risk. The Government has broadcast publicity videos and recordings related to the pre-payment mode of consumption on TV and radio, and the Consumer Council (the Council) makes use of the "CHOICE" magazine to remind consumers of the risks that could be associated with this mode of consumption.

The Government provides funding to the Council for conducting studies on topics related to consumption, including a study released in May 2017 on “Consumer Protection on Prepayment and Retailer Insolvency – Review of Chargeback and Beyond” which examines how the existing chargeback mechanism could be enhanced to better protect consumer prepayment during retailer insolvency and makes recommendations. In addition, the Hong Kong Monetary Authority (HKMA) requires all card-issuing banks to upload to their official websites information about chargeback protection (including the chargeback process flow, the chargeback time limits, etc.) as well as the application forms, in order to enhance transparency of the chargeback mechanism and facilitate consumers in browsing the information or contacting their banks directly for enquiries. HKMA has also enhanced the information about credit card chargeback protection in its consumer education programme to disseminate the related educational messages to the public.

When the Council receives complaints about losses due to pre-paying shops that have closed down, the Council would contact the persons in-charge and request them to provide compensation to the complainants and other consumers. It would also remind the complainants who used credit cards to make the pre-payments to contact the credit card issuing companies to apply for chargeback, monitor relevant liquidation proceedings and remind the complainants to register as a creditor with the liquidators.

The Customs and Excise Department (C&ED) is the principal enforcement agency of the Trade Descriptions Ordinance (TDO). TDO prohibits common unfair trade practices, including wrongly accepting payment, i.e. at the time of accepting payment for the product, a trader intends not to supply the product, or there are no reasonable grounds for believing that the trader would be able to supply the product within the specified period or a reasonable period. Consumers may make complaints with C&ED for suspected contravention of TDO. C&ED would conduct investigations and take appropriate enforcement actions based on the facts and circumstances of the cases. Under section 36 of TDO, aggrieved consumers may institute private actions to recover loss or damages if they have suffered loss or damages due to conduct directed to the claimant which constitutes a fair trading offence. Separately, under section 18A of TDO, where a person is convicted of any of the fair trading offences, the court may order the convicted person to compensate any person for the financial loss resulting from the offence.

Both C&ED and the Council conduct regular publicity to raise consumer awareness about their rights under the TDO. The relevant expenses are subsumed within the recurrent expenditures of C&ED and the Council, which are difficult to quantify separately.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)101****(Question Serial No. 5359)**

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 included in the 2018-19 Controlling Officer's Report that the Government will continue to work closely with the Advisory Committee on Cruise Industry, the operators of the two cruise terminals and the Hong Kong Tourism Board to develop Hong Kong into a leading cruise hub in the region. It has almost been 5 years since the commissioning of the Kai Tak Cruise Terminal (KTCT), but an Audit report published in April 2017 by the Audit Commission regarding the KTCT revealed that its patronage fell short of expectations. Every now and then, there are media reports featuring the KTCT as a "dead city". Will the Government inform this Committee of the amount of manpower and resources deployed in improving the management of and supporting measures for the cruise terminals in the past 3 years? Will additional manpower and resources be allocated in the coming 3 years? If yes, what are the details? If not, what are the reasons?

Asked by: Hon LEUNG Mei-fun, Priscilla (Member Question No. (LegCo use): 42)

Reply:

The Government is committed to developing cruise tourism. The Kai Tak Cruise Terminal (KTCT) is an important infrastructure for cruise tourism in Hong Kong and is currently managed by a terminal operator on commercial basis. The Government has continuously deployed resources to promote cruise tourism, including allocating funding to Hong Kong Tourism Board (HKTb). The actual expenditure of HKTb for cruise tourism promotion in 2016-17 was \$20.69 million, while the estimates for 2017-18 and 2018-19 are \$31.5 million and \$28.4 million respectively. The number of ship calls at the KTCT has been growing steadily in the past few years. There were a total of 56 ship calls (involving 70 calendar days) in 2015; the figure went up to 95 ship calls (involving 105 calendar days) in 2016; and further grew to 186 ship calls (involving 161 calendar days) in 2017. The commissioning of the KTCT in mid-2013 has also driven the significant growth of cruise tourism figures (including the number of ship calls and cruise passengers throughput) of Hong Kong as a whole in recent years. Between 2013 and 2017, the total number of ship

calls in Hong Kong as a whole has increased from 89 to 245 (an increase of 175%); and the total passenger throughput has increased from around 200 000 to over 900 000 (an increase of 370%). Back in the earlier years when the Government was considering the construction of the KTCT, the Government projected that the number of ship calls and cruise passenger throughput in Hong Kong as a whole would range from 181 to 258 and from 564 102 to 1 041 031 respectively by 2023. In other words, the number of ship calls and cruise passenger throughput in Hong Kong as a whole in 2017 have both achieved, ahead of plan, the then projected performance by 2023.

Also, the floor area of the ancillary commercial areas at the KTCT is about 5 600 square metres, with 7 shops of different sizes and are currently fully leased. Apart from one merchant that has ceased operation since June 2016 due to its own operational issues, all other merchants are in operation and providing food and beverages, currency exchange and visitors information services etc. Besides, there have been different kinds of non-cruise events taking place at the KTCT involving a total of around 190 calendar days (including setting up, dismantling and reinstatement) with participants ranging from several hundreds to over 50 000.

As mentioned in the discussion paper and the supplementary information paper submitted to the Legislative Council Panel on Economic Development, the Government is adopting multi-pronged strategy and plan to further enhance the vibrancy of the KTCT as well as to bring more people thereto through enhancement in transport connectivity and management arrangements. In gist, we are continuously improving the transport infrastructure and services so as to enhance the accessibility of the KTCT. In terms of public transport services, there are currently franchised buses, green minibuses and ferries providing daily services that connect the KTCT and the vicinity with other locations. In the first half of this year, there will be a new franchised bus route connecting the KTCT. We are also leveraging on and exploiting the opportunities brought about by the operation of the ancillary commercial areas (e.g. striving to ensure that the ancillary commercial areas are fully let, facilitating the shops to make good use of the communal areas of the KTCT to organise activities, and arranging the setting up of small-scale pop-up stores at the passenger waiting halls of the KTCT during the days with ship calls for selling souvenirs and drinks). We will continue to drive and facilitate the hosting of more non-cruise events at the KTCT, including further exploring ways to identify slots for more non-cruise events at the KTCT notwithstanding the increasingly busy cruise schedule. We are exploring to partner with non-governmental organisations, such as sports associations in Hong Kong, to support their use of the communal areas and facilities of the KTCT for organising events.

We will also continue to facilitate the trade in bringing more tour groups to the open space of the KTCT (e.g. the KTCT Park at the rooftop and the adjacent Runway Park). The terminal operator has, through the Travel Industry Council of Hong Kong, disseminated information to the trade (including tour operators that receive Mainland tour groups) on the arrangements for bringing tour groups to the KTCT (e.g. pick-up and drop-off arrangements for coach buses), as well as encouraged them to arrange more tour groups to the KTCT. As observed recently, there have been more tour operators arranging tour groups (including Mainland visitors) to visit the open space of the KTCT.

The Government will continue to closely monitor the development of cruise tourism industry in Hong Kong as well as the management of and supporting measures for the

KTCT. If necessary, the Government would suitably adjust the relevant manpower and resource provision accordingly.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)102

(Question Serial No. 4152)

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

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

Programme: Not Specified

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 provision of sign language interpretation services in the past 5 years, will the Government inform this Committee of the following:

1. whether sign language interpretation services have been provided; if so, the frequency, occasions and causes for providing sign language interpretation services in each year;
2. further to the above question, the number of sign language interpreters involved in each year, their pay and the organisations to which they belong; the total expenditure involved in each year; and
3. whether consideration will be given to allocating more resources to improve the services for communicating with the deaf and/or persons with hearing impairment in future. If yes, what are the details (including measures, manpower and expenditure involved and timetable, etc.)? If no, what are the reasons?

Asked by: Hon LEUNG Yiu-chung (Member Question No. (LegCo use): 90)

Reply:

In the past 5 years, the Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch) did not receive any request for sign language interpretation services. We would arrange sign language interpretation services through non-profit-making organisations to persons with hearing impairment according to the Government's overall policy and operational need.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)103

(Question Serial No. 0824)

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 financial provision in 2017-18, the original provision for Commerce and Industry shows an increase of 239.6% but the revised estimate shows a decrease by as much as 65%. Please explain the reasons for a decrease instead of an increase. In addition, the estimate for 2018-19 climbs by 132.1% mainly due to the increase in cash flow requirement for the SME Financing Guarantee Scheme, the provision to the Belt and Road Office and the Single Window Project Management Office, the increased estimate for the subscription to the World Trade Organization and the creation of 15 posts. Please advise on the actual allocation of the above expenditure, the establishments and posts, the remuneration and operational expenditures and the details of the work involved.

Asked by: Hon LIAO Cheung-kong, Martin (Member Question No. (LegCo use): 10)

Reply:

The revised estimated under Programme (2) for 2017-18 is \$479.8 million (-65%) lower than the original estimate for 2017-18. The decrease is largely due to -

- Decrease of \$412 million in cash flow requirement for the Special Concessionary Measures under the SME Financing Guarantee Scheme (SFGS). Under the Measures, the Government is required to pay sufficient amount of funds to the Hong Kong Mortgage Corporation Limited in meeting the required payments for default compensations and necessary out-of-pocket expenses. The actual cash flow requirement under the Measures may fluctuate every year. For 2017-18, there is no cash flow requirement for the Measures.

- Decrease of \$35 million in cash flow requirement for the Professional Services Advancement Support Scheme. The actual cash flow requirement depends on the number of applications approved and the amount granted. In 2017-18, the Government began to process funding applications (in four rounds), and the funded projects only commenced in batches from mid-2017 onwards. Hence, the 2017-18 expenditure is lower than the original estimate.
- Decrease in expenditure on personal emoluments of \$6.9 million due to vacant posts and staff changes.
- Decrease of \$5.8 million in cash flow requirement for the Measures for Manpower Development of Retail Industry, mainly due to the lower-than-expected production cost and expenditure for publicity and promotion work, and no allocation of additional funds to implement the Retail Technology Adoption Assistance Scheme for Manpower in 2017-18.
- Decrease of \$5 million for the subscription to the World Trade Organization.

The original estimated under Programme (2) for 2018-19 is \$341.3 million (+132.1%) higher than the revised estimate for 2017-18. The increase is largely due to -

- Increase of \$277 million in cash flow requirement for the Special Concessionary Measures under SFGS. Under the Measures, 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 necessary out-of-pocket expenses. The actual cash flow requirements under the Measures may fluctuate every year. For 2018-19, it is expected that there is an increase in cash flow requirement for the Measures.
- Estimated increase of \$17.9 million for personal emoluments arising from filling vacant posts and the need to cater for the impact of pay rise.
- Increase of \$10 million in cash flow requirement for the PASS. The actual cash flow requirement depends on the number of applications approved and the amount granted. With the launch of more funded projects and our ongoing promotion work, more applicants are expected to submit funding applications in 2018-19, leading to an increase in the expected expenditure.
- Increased provision of \$8.65 million to the Single Window Project Management Office (SWPMO), to strengthen manpower support for pressing ahead the implementation of the Trade Single Window project. The sum comprises personal emoluments required for additional posts and other related operating expenses.
- Estimated increase of \$5.89 million for the subscription to the WTO.
- Increased provision of \$4.1 million to the Belt and Road Office, to take forward the work on the Belt and Road Initiative more effectively and on a sustained basis.

In addition, 15 posts are planned for creation in 2018–19, with details set out below -

- 5 posts in BRO, including 1 directorate grade post (time-limited for five years), 2 Trade Officer grade posts, and 1 Personal Secretary post (time-limited for five years) to take forward the work on the Belt and Road Initiative more effectively and on a sustained basis.
- 8 time-limited posts for five years in SWPMO, including 1 directorate grade post, 1 Administrative Officer grade post, 5 Analyst/Programmer grade posts and 1 Clerical Officer grade post. These new posts seek to strengthen manpower support for the SWPMO to press ahead the implementation of the Trade Single Window project, particularly on the information technology, policy and legislative fronts, so as to ensure smooth implementation of the project in phases.
- 1 time-limited Engineer grade post for two years to assist in planning new convention and exhibition facilities.
- 1 Analyst/Programmer grade post to strengthen support in overseeing the network infrastructure and IT security-related matters of CITB and overseas Economic and Trade Offices

For the purpose of preparing the 2018-19 estimates of expenditure, a total provision of \$12.198 million has been reserved for the personal emoluments of the above 15 posts.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)104

(Question Serial No. 0825)

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 mentioned in paragraph 110(f) of the Budget Speech, in the 5 financial years from 2018-19, a total of \$250 million additional funding will be provided to the Hong Kong Trade Development Council for assisting local enterprises (small and medium enterprises in particular) in seizing opportunities arising from the Belt and Road Initiative and the Bay Area development, promoting the development of e-commerce, and enhancing Hong Kong's role as a premier international convention, exhibition and sourcing centre. Please give an account of the specific allocation of expenditures, staff establishment and posts, salaries, operational expenses and work details in these 5 financial years.

Asked by: Hon LIAO Cheung-kong, Martin (Member Question No. (LegCo use): 11)

Reply:

The Budget proposes that in the five financial years from 2018-19, a total of \$250 million additional funding (i.e. \$50 million in each financial year) will be provided to the Hong Kong Trade Development Council (TDC) for assisting local enterprises (in particular small and medium enterprises) in seizing opportunities arising from the Belt and Road Initiative and the development of the Guangdong-Hong Kong-Macao Bay Area (Bay Area), promoting the development of e-commerce, and enhancing Hong Kong's role as a premier international convention, exhibition and sourcing centre. The additional funding is included in the Government subvention to TDC in 2018-19.

TDC will make use of the additional funding to implement various initiatives to support small and medium enterprises. Key initiatives include:

- Co-organise the third Belt and Road Summit with the Government on 28 June 2018. The Summit will target at the professional needs of potential investors and focus on the promotion of Hong Kong's strengths in infrastructure financing, risk management, dispute resolution, etc. The duration of the one-to-one business matching session will also be extended from half day to full day;
- Establish a Belt and Road Global Forum to connect local, Mainland and international organisations and associations to enable them to tap the business opportunities arising from the Belt and Road Initiative through Hong Kong;
- Enrich the Belt and Road portal, set up a database of Belt and Road projects and enhance market research;
- Organise more investment and business missions to countries along the Belt and Road and cities in the Bay Area to help Hong Kong enterprises explore business opportunities;
- Explore organising joint overseas missions with cities in the Bay Area to explore investment and cooperation opportunities;
- Enhance online sourcing platform by strengthening cooperation with m-commerce or e-tailing platforms to promote Hong Kong brand products, as well as organise customised business matching and networking programmes to connect Hong Kong brands with online retailers;
- Establish online exhibition platform as professional sourcing website to enable buyers to source online and more suppliers to showcase their products year-round; and launch e-badge to provide buyers with seamless online-to-offline experience; and
- Launch an "all-in-one" mobile app for TDC's conferences to build an online community for participants to facilitate exchanges and enhance experience.

The above will be incorporated in TDC's annual work plan for 2018-19. We do not have a breakdown of TDC's staff establishment and expenditure for individual items.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)105

(Question Serial No. 0827)

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 2018–19 that Commerce, Industry and Tourism Branch will work with the Trade and Industry Department to consider implementing measures to enhance the various government funding schemes to support Hong Kong enterprises. What are the specific plan, staff establishment and relevant estimated expenditure involved?

Asked by: Hon LIAO Cheung-kong, Martin (Member Question No. (LegCo use): 13)

Reply:

The 2018-19 Budget proposes to inject \$1 billion into the SME Export Marketing and Development Funds and introduce enhancement measures to strengthen the support for SMEs. We propose to increase the cumulative funding ceiling under the EMF for individual SMEs from \$200,000 currently to \$400,000, increase the maximum grant for each application from \$50,000 to \$100,000 and remove the existing condition on the use of the last \$50,000 of grants to fully support SMEs in exploring new markets and new business opportunities.

The Budget also proposes to inject \$1.5 billion into the BUD Fund to increase the cumulative funding ceiling for individual enterprises under the Enterprise Support Programme (ESP) for undertaking projects in the Mainland from \$500,000 to \$1 million; and to extend the geographical scope of the ESP to include the ASEAN markets. The cumulative funding ceiling for individual enterprises undertaking projects in ASEAN markets will also be \$1 million.

We conducted a briefing on 5 March 2018 to brief the trade, including members of Trade and Industry Advisory Board, Small and Medium Enterprises Committee, representatives of local major trade and industrial organisations, SME associations, professional bodies and

trade associations on the proposed enhancement measures. The trade supported our proposals in general. We have consulted the Legislative Council Panel on Commerce and Industry on the proposal and will seek funding approval of the Finance Committee.

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)106

(Question Serial No. 0828)

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 the financial provision for 2018-19, the estimate for the Hong Kong Trade Development Council (TDC) has increased by 13% (\$50 million) mainly for strengthening the TDC's promotion work. Please provide details of the actual content, work objectives, manpower arrangement and estimated expenditure involved.

Asked by: Hon LIAO Cheung-kong, Martin (Member Question No. (LegCo use): 14)

Reply:

The Budget proposes that in the five financial years from 2018-19, a total of \$250 million additional funding (i.e. \$50 million in each financial year) will be provided to the Hong Kong Trade Development Council (TDC). The Government subvention to the TDC in 2018-19 is thus increased by \$50 million (13%). The additional funding will be used for assisting local enterprises (in particular small and medium enterprises) in seizing opportunities arising from the Belt and Road Initiative and the development of the Guangdong-Hong Kong-Macao Bay Area, promoting the development of e-commerce, and enhancing Hong Kong's role as a premier international convention, exhibition and sourcing centre.

The tasks associated with the additional funding will be incorporated in TDC's annual work plan for 2018-19. We do not have a breakdown of TDC's staff establishment and expenditure for individual items.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)107

(Question Serial No. 0829)

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 mentioned in Matters Requiring Special Attention in 2018-19 that the Hong Kong Trade Development Council will strengthen efforts to nurture and engage start-ups and young entrepreneurs to go global. Please give an account of the specific plan and measures, the staff establishment and the estimated expenditure involved.

Asked by: Hon LIAO Cheung-kong, Martin (Member Question No. (LegCo use): 15)

Reply:

In March 2018, the Hong Kong Trade Development Council (TDC) launched a brand new start-up development programme which helps start-ups with network building, market development and funding. Key activities include organising training workshops, meetings with business leaders, missions to Mainland and Asian cities, local exhibitions and overseas trade promotion events, etc. TDC will also develop a start-up portal and build an online community featuring star mentors. TDC will launch "Startup-Plus" for start-ups which have been operating for over three years and having attained a certain scale, to provide them a special pricing package for participating in TDC's exhibitions and promotional services.

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

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)108

(Question Serial No. 0830)

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:

Regarding the financial provision for “Posts, Competition Policy and Consumer Protection” in 2017-18, the revised estimate represents a decrease of 2% although the original estimate represents an increase of 4.3%. Please explain the reason(s) for the decrease instead of increase. For 2018-19, the estimate represents an increase of 108.3%, which is mainly due to an injection of \$10 million into the Consumer Legal Action Fund. Please specify the achievements made under the Fund and the amount of redress sought over the past two financial years, as well as the estimated figures on new applications for assistance under the Fund and applications still in process in the coming financial year.

Asked by: Hon LIAO Cheung-kong, Martin (Member Question No. (LegCo use): 16)

Reply:

The revised estimate under Programme (4) for 2017-18 is 2% lower than the original estimate for 2017-18 due to lower than expected expenditure on personal emoluments and the reduced personal emoluments due to staff change.

The numbers of newly assisted applications and assisted cases in progress, and the total claim amount involved of the Consumer Legal Action Fund (the Fund) from 2015-16 to 2016-17 are as follows:

	2015-16	2016-17
Numbers of newly assisted applications and assisted cases in progress (number of applicants involved)	12*(12)	12(12)
Claim amount ^	\$1,262,106*	\$1,386,607

* one of the applicants sought a declaration and not monetary relief in one case

^ not including interest and legal costs

In 2018-19, the Fund will continue to handle the six cases which are in progress, the four cases under consideration, and any new applications that may be received. According to the Fund's past experience, the number of assistance granted and applications received varies from time to time. When a large scale consumer event occurs, the number of applications may increase substantially and this would affect the number of assisted cases accordingly. For this reason, the Consumer Council cannot estimate how many new applications will be received or how many of those cases will be granted assistance.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)109

(Question Serial No. 0831)

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 financial provision for the Consumer Council in 2017-18, the revised estimate represents an increase of 2.1% although the original estimate represents a decrease of 7.6%. Please explain the reason(s) for the increase instead of decrease. For 2018-19, the estimate represents an increase of 6.3%, which is mainly due to the additional funding for enhancements to "CHOICE" Magazine and information technology improvement projects. Please specify details of the enhancement measures and their goals and achievements.

Asked by: Hon LIAO Cheung-kong, Martin (Member Question No. (LegCo use): 17)

Reply:

The subvention provided to the Consumer Council in the revised estimate for 2017-18 is 2.1% higher than the original estimates mainly due to the additional provision provided by the Government to the Consumer Council to cope with the expenditure arising from pay rise.

In the estimate in 2018-19, the subvention for the Consumer Council is \$6.8 million (6.3%) higher than the revised estimate for 2017-18. This is mainly due to the additional funding for enhancements to "CHOICE" Magazine and information technology (IT) improvement projects. The enhancement to "CHOICE" Magazine and other IT improvement projects include the setting up of an online subscription portal, continuation of the production of multi-media content, search engine optimization, development of a mobile-friendly version of the "Online Price Watch" website optimised for mobile devices and upgrade of the Human Resources Management System. The mobile version of the "Online Price Watch" is expected to be ready for launching in March 2019, and will be made available for free browsing by the public. Other enhancement projects are expected to be finished gradually in the next one to three years.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)110****(Question Serial No. 0832)**

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 financial provision for "Travel and Tourism" in 2017-18, the revised estimate represents a decrease of 3.3% although the original estimate represents an increase of 5.3%. Please explain the reason(s) for the decrease instead of increase. For 2018-19, the estimate represents an increase of 60.1% (\$139.2 million). Please specify details of the content, manpower arrangement and estimated expenditure involved in the various new initiatives to be implemented through the additional funding, as well as the establishment and respective duties of the 11 posts to be created.

Asked by: Hon LIAO Cheung-kong, Martin (Member Question No. (LegCo use): 18)

Reply:

For 2017-18, the revised estimate under Programme (6) is 3.3% lower than the original estimate, mainly due to the lower than expected expenditure on personal emoluments and departmental expenses.

For 2018-19, the estimate under Programme (6) is \$139.2 million (60.1%) higher than the revised estimate for 2017-18. This is mainly due to the new provision for taking forward 12 new tourism initiatives under the Development Blueprint for Hong Kong's Tourism Industry and preparing for the establishment of the Travel Industry Authority, partly offset by the completion of non-recurrent project on the Mega Events Fund and reduction in operating expenses. The said 12 new tourism initiatives will be rolled out progressively within the next few years starting from 2018-19, and the relevant information and resources allocated to these initiatives are shown in the following table –

New initiatives to promote tourism development	Additional
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	funding amount in 2018-19 (\$ million)
<u>Strategy 1: To develop a diversified portfolio of visitor source markets for Hong Kong, with a focus on attracting high value-added overnight visitors</u> (1) Organising a tourism forum under the dual themes of “Belt and Road” and “Bay Area” with business matching conference for the travel trade (2) Supporting the Travel Industry Council of Hong Kong (TIC) in arranging visits for Hong Kong travel agents to “Bay Area” (3) Supporting TIC in developing a new web-based tourism resource forum about “Belt and Road” countries and the “Bay Area” cities (4) Supporting tourist attractions in enhancing competitiveness and promotion in visitor source markets	21
<u>Strategy 2: To nurture and develop tourism products and initiatives with local and international characteristics</u> (5) Tourism project making use of creative and multimedia technology (6) Light installation project at the Central Harbourfront (7) New tourism projects with creative, artistic and cultural elements (8) New pilot arts cum historical, cultural and green tourism event at Yim Tin Tsai of Sai Kung (9) Enhancing the tourism supporting facilities of some popular hiking trails and those with good tourism potentials (10) Ocean Park’s education tourism projects and a new 3D projection-cum-water light show	110
<u>Strategy 3: To develop smart tourism</u> (11) Launching new smart travel landing page	1.4
<u>Strategy 4: To upgrade the service quality of tourism industry</u> (12) Supporting TIC to continue to implement and enhance the Information Technology Development Matching Fund Scheme for Travel Agents	30
Total	163

Note: Apart from the 12 tourism initiatives above, an additional provision of \$7.4 million in 2018-19 is also allocated for preparing for the establishment of the Travel Industry Authority.

The relevant staffing of the Commerce and Economic Development Bureau to take forward the above 12 new tourism initiatives has been subsumed within the establishment of the Commerce, Industry and Tourism Branch of this Bureau, and it is difficult to quantify such staffing separately.

The details of the 11 new posts to be created under Programme (6) in 2018-19 are as follows :

Rank	Number of post	Job nature and area of work
Senior Principal Executive Officer (time-limited for 2 years)	1	To provide support for the establishment of the Travel Industry Authority.
Senior Treasury Accountant (time-limited for 2 years)	1	
Treasury Accountant (time-limited for 2 years)	1	
Chief Executive Officer (time-limited for 2 years)	1	
Senior Executive Officer (time-limited for 2 years)	1	
Executive Officer I (time-limited for 2 years)	2	
Personal Secretary I (time-limited for 2 years)	1	
Assistant Clerical Officer (time-limited for 2 years)	1	
Electrical and Mechanical Engineer (time-limited for 3 years)	1	To provide support for the operation of the Kai Tak Cruise Terminal.
Clerical Assistant	1	
Total number of posts to be created:	11	

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)111

(Question Serial No. 0833)

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 2018-19, it is stated that the Commerce, Industry and Tourism Branch will launch a new tourism project along the two sides of the Victoria Harbour (including major tourist spots such as Central and Tsim Sha Tsui) that makes use of augmented reality and multimedia and creative technology to enable visitors to experience the historical landscape and community culture, and will carry out a light installation project at the Central Harbourfront. Please specify the projects and measures concerned, as well as the staffing establishment and estimated expenditure involved.

Asked by: Hon LIAO Cheung-kong, Martin (Member Question No. (LegCo use): 19)

Reply:

The Government plans to partner with a local creative media school to take forward a project in bringing visitors back to life the history of individual landmarks of Hong Kong by using augmented reality and creative multimedia technology through mobile application to enable visitors to understand the historical landscape and community culture, thereby enhancing their experience in Hong Kong. The first phase of this 3-year project is tentatively scheduled for launching in the Tsim Sha Tsui and Central areas in late 2018 and Sham Shui Po and other locations will be included thereafter.

In addition, to enhance the tourism characteristics of Victoria Harbour and its promenade, we will set up light installations at the Central and Western District Promenade (Central Section) and Tamar Park. We are drawing up the project's plan and will announce the details in due course.

The Government has reserved a total of \$59 million for the two projects. The projects will be implemented with existing manpower and the related expenditure is subsumed under the establishment of the Commerce, Industry and Tourism Branch of this Bureau.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)112

(Question Serial No. 0834)

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 2018–19, the Commerce, Industry and Tourism Branch will work with relevant government departments, including the Agriculture, Fisheries and Conservation Department, to diversify and promote the green tourism products on offer in Hong Kong through enhancing the tourist-friendliness of hiking trails. Please specify the hiking trails, materials, manpower arrangements and estimated expenditure involved.

Asked by: Hon LIAO Cheung-kong, Martin (Member Question No. (LegCo use): 20)

Reply:

In order to promote green tourism, the Government has earmarked an annual funding of \$15 million from 2018-19 to 2022-23 to enhance the tourism supporting facilities of some popular hiking trails as well as those with tourism appeal potential within country parks. The proposed works mainly cover improvement to existing hiking trail network, control of soil erosion at the trails, enhancement of vegetation coverage, addition of lookout points and enrichment of information boards, etc. In the first phase, the Government will enhance the supporting facilities of Dragon's Back (Shek O Country Park), Peak Trail (Pokfulam Country Park), Wu Kau Tang to Lai Chi Wo (Pat Sin Leng Country Park), Shing Mun Reservoir Walk (Shing Mun Country Park), MacLehose Trail Section 1 (Sai Kung East Country Park) and Lantau Trail Section 2 (Lantau South Country Park), etc. Details of the improvement works on individual trails are being worked out and the estimated expenditure of the works cannot be provided for the time being. In order to preserve the natural countryside setting, natural materials such as soil, gravel and natural stone, etc. are generally used for trail building and maintenance. Furthermore, the Government will enhance the relevant thematic website and mobile application to provide detailed information on hiking so as to enrich visitors' experience.

The staffing for the project will be redeployed from the existing establishment of Agriculture, Fisheries and Conservation Department, and it is difficult to quantify the amount separately.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)113

(Question Serial No. 0835)

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 2018-19, it is stated that the Commerce, Industry and Tourism Branch will launch new tourism projects with creative, artistic and cultural elements at different districts to open up unique travel experience in Hong Kong with local features, and will organise a new pilot arts cum historical, cultural and green tourism event at Yim Tin Tsai. Please specify:

- (a) the districts where such projects will be launched, whether collaboration will be sought from other organisations and the criteria adopted in choosing such projects;
- (b) details of the pilot event; and
- (c) the staffing establishment and estimated expenditure involved in the aforesaid projects and event.

Asked by: Hon LIAO Cheung-kong, Martin (Member Question No. (LegCo use): 21)

Reply:

The Government of this term has set out a comprehensive “Development Blueprint for Hong Kong’s Tourism Industry” (the Development Blueprint), which outlines the vision and mission of tourism development for developing Hong Kong into a world-class premier tourism destination and ensuring the balanced, healthy and sustainable development of the industry. The Development Blueprint covers four development strategies, including nurturing and developing tourism products and initiatives with local characteristics and promoting cultural, heritage, green and creative tourism.

To implement the direction of promoting cultural, heritage, green and creative tourism, the Government has allocated additional funding in 2018-19 to the Tourism Commission (TC)

for launching new tourism projects with creative, artistic and cultural elements at different districts, details of which are as follows –

- TC will, through collaboration with different sectors, turn Sham Shui Po and Wan Chai into appealing tourism spots by introducing design elements and distinctive street art creativity into place-making works, local comic characters with Hong Kong's originality, multimedia and creative technology etc., so as to bring different travelling experiences to visitors. Besides, TC will organise a creative tourism event with fashion parade in Sham Shui Po and Wan Chai in end this year and invite local designers to participate, in order to complement the development of fashion industry in Sham Shui Po and foster the development of both creative and tourism industries of Hong Kong in a mutually beneficial way. The estimated funding in 2018-19 for taking forward this project is \$20 million; and
- TC will hold art and cultural activities and display art installations at Yim Tin Tsai in Sai Kung, a place with rich cultural background and beautiful green scenery, with a view to giving a unique experience to visitors. A pilot art festival will be organised annually at Yim Tin Tsai in the coming three years to showcase the traditional Hakka culture, religious characteristics, heritage and beautiful natural scenery of Yim Tin Tsai. The estimated funding in 2018-19 for taking forward this project is \$24 million.

The staffing relating to the above two projects in the Commerce and Economic Development Bureau has been subsumed within the establishment of the Commerce, Industry and Tourism Branch, and it is difficult to quantify the relevant staffing separately.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)114

(Question Serial No. 0836)

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 financial provision for the Competition Commission (the Commission) in 2018-19, the estimate represents an increase of 59% (\$47.3 million), which is mainly due to the increased provision to support the operations and litigation work of the Commission. Please specify the estimated percentages of expenditure for operations and litigation work respectively, as well as the reasons involved.

Asked by: Hon LIAO Cheung-kong (Member Question No. (LegCo use): 22)

Reply:

The Government provides a subvention to the Competition Commission to support its various functions to implement the Competition Ordinance. The total subvention for 2018-19 is \$127.5 million. Compared to 2017-18, the increase in subvention is \$47.3 million, comprising around \$21.7 million (46%) to enhance support to the Commission's daily operation, and \$25.6 million (54%) for litigation work.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)115

(Question Serial No. 0837)

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:

According to the estimate of the Competition Commission for 2018-19, a major market study will be launched. Please provide the content, manpower arrangement and estimated expenditure of the study.

Asked by: Hon LIAO Cheung-kong, Martin (Member Question No. (LegCo use): 23)

Reply:

The Competition Commission is exploring suitable topics of public concern with significant implications on competition for conducting market studies, and it is considering the details of the market study to be launched in 2018-19. The Commission staff who conduct market studies are also responsible for other duties and hence the expenditure involved cannot be quantified separately.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)116

(Question Serial No. 0838)

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 in paragraph 111 of the Budget that the Information Services Department, our ETOs overseas and in the Mainland, InvestHK and the HKTDC will strengthen collaboration and take a more proactive approach in promoting our advantages overseas and attracting investments to Hong Kong. With regard to the above work, please provide specific details and distribution of work, manpower deployment and posts involved, payroll and operational expenses.

Asked by: Hon LIAO Cheung-kong, Martin (Member Question No. (LegCo use): 24)

Reply:

The overseas Economic and Trade Offices (ETOs) and the Mainland Offices (namely the Beijing Office and the ETOs in Guangdong, Shanghai, Chengdu and Wuhan) have been collaborating closely with the Information Services Department (ISD), Invest Hong Kong (InvestHK), the Hong Kong Trade Development Council (HKTDC), etc. in organising and co-organising a range of promotional activities to promote Hong Kong's advantages so as to foster Hong Kong's trade and commercial interests. Their objectives and portfolios are as follows –

- The overseas ETOs and the Mainland Offices are the official representatives of the HKSAR Government abroad and in the Mainland respectively. While the Geneva ETO represents Hong Kong at the World Trade Organization, the other overseas ETOs and the Mainland Offices are responsible for fostering ties at the government-to-government level, and handling all bilateral matters between Hong Kong and the trading partners under their respective purviews, including the areas on economy, trade, investment, culture, etc. The main role of the Hong Kong Economic, Trade and Cultural Office in Taiwan is to promote economic, trade and cultural exchanges between Hong Kong and Taiwan.

- ISD's publicity efforts are geared to promoting Hong Kong as Asia's world city, and as a two-way platform for international companies seeking access to the Mainland market and for Mainland companies reaching out to the world.
- InvestHK is tasked to attract and retain foreign direct investment, and actively promote Hong Kong as the preferred destination for investment. It provides customised support services and guidance for potential investors throughout the latter's planning and implementation process to invest in Hong Kong.
- HKTDC is a statutory body which focuses on promoting trade in goods and services, mainly at the business-to-business level. It provides services to Hong Kong's merchants, manufacturers and services providers interested in expanding their business in Mainland China or overseas.

In the coming year, the above offices/organisations will continue to collaborate closely in different activities and promotion work, e.g. business seminars, luncheons, receptions, exhibitions, the Sponsored Visitors Programme, other thematic events, etc., to showcase Hong Kong's advantages in all aspects and enable local audience to better understand the latest developments of Hong Kong and the opportunities the city can offer. These offices/organisations will also align their work with the focuses of the Government, including attracting companies outside Hong Kong to set up or expand their operations in Hong Kong, fostering expansion of markets for Hong Kong enterprises (including financial, legal and other professional services), as well as showcasing arts, culture and creative soft powers of Hong Kong, etc. They will continue to promote the Hong Kong Brand so as to enhance Hong Kong's profile. Riding on opportunities arising from the "Belt and Road" Initiative, these offices/organisations will step up efforts in promoting Hong Kong and encouraging local businessmen to make use of Hong Kong's advantages in exploring business opportunities under the Initiative so as to help the commercial and professional sectors in Hong Kong open up new markets.

As the work of promoting Hong Kong and attracting inward investments is part of the overall work of the above offices/organisations, the number of staff and the expenditures involved cannot be accurately and separately itemised.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)117

(Question Serial No. 0846)

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 Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch) leads and co-ordinates the work of the Special Administrative Region Government on the Belt and Road Initiative, and also implements the Professional Services Advancement Support Scheme to increase the exchanges and co-operation of Hong Kong's professional services with their counterparts in external markets. Has the Government considered responding to the demand of relevant professional services sectors, such as engineering, construction and arbitration, of Hong Kong by deploying dedicated resources and manpower to proactively promote Hong Kong's professional services to the governments as well as industrial, commercial and professional sectors of countries along the Belt and Road? If yes, what are the details? If no, what are the reasons?

Asked by: Hon LO Wai-kwok (Member Question No. (LegCo use): 30)

Reply:

In the current-term Government, the Commerce and Economic Development Bureau (CEDB) has been tasked to lead and co-ordinate the work of the HKSAR Government on the Belt and Road Initiative (B&RI). The Secretary for Commerce and Economic Development (SCED) is steering the work on B&RI, integrating it as part and parcel of his overall portfolio. The Belt and Road Office (BRO) of CEDB(CITB) is acting as, *inter alia*, the focal point of liaison with Mainland authorities, official contacts of countries and regions along and related to the Belt and Road with a view to promoting collaboration and jointly pursuing B&RI. At the same time, other policy bureaux, including Financial Services and the Treasury Bureau, Development Bureau, and Transport and Housing Bureau will, in accordance with their schedule of responsibilities, liaise with relevant enterprises and professional sectors to take forward B&RI. All the branches under CEDB (including overseas Economic and Trade Offices, Trade and Industry Department, Invest Hong Kong

and Tourism Commission), with liaison and co-ordination by CEDB, are also taking forward B&RI in their respective areas in synergy. The promotion of professional services sectors will continue be featured in our overall work, including in our promotional missions to countries and regions along and related to the Belt and Road, liaison with Mainland authorities, as well as organisation of Belt and Road events, etc. For instance, thematic sessions on “infrastructure investment and risk management” and “arbitration and dispute resolution” will be included in the third Belt and Road Summit to be co-organised by CEDB and the Hong Kong Trade Development Council in June 2018.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)118

(Question Serial No. 0425)

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 2017-18, the Government “continued to work with the Travel Industry Council of Hong Kong (TIC) on the regulation of travel agents, tourist guides and tour escorts under the existing regulatory framework of the travel industry”. 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 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 punished due to irregularities in the past year;
- (c) measures, other than regulatory ones, taken by the Government in the past year to ensure that all TGs are TG Pass holders and their employee rights are sufficiently protected;
- (d) the details of the subsidised items and the number of beneficiaries (please set out the details by item) regarding the allocation of a provision of \$5 million by the Government 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; and

- (e) whether other efforts such as enhancement to manpower training and supply for the tourism sector and improvement to its employees' treatment have been made to achieve better quality of human resources and hence higher standard of tourism services?

Asked by: Hon LUK Chung-hung (Member Question No. (LegCo use): 1)

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 2017) are as follows:

	<u>2017</u>
Number of valid TE Pass holders	17 398
Number of valid TG Pass holders	6 207
Number of holders having both valid TE Pass and TG Pass concurrently	2 924

- (b) In 2017, TIC ruled in 13 cases that the travel agents concerned had breached TIC's regulations for having assigned persons without valid TG Pass to receive inbound tour groups. Of these travel agents, 8 were fined and given demerit points, while the other 5 travel agents were fined.
- (c) At present, 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 TIC. According to the "Demerit System for Mainland Tour Reception Services: Members" implemented by 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.

As regards the remuneration of frontline staff in the tourism industry, one of the 10 measures that 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 the tourist guides. 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 instead of relying on commission. To further strengthen the protection for tourist guides, TIC's another measure 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) The Government allocated \$5 million in 2017-18 for launching, through TIC, training initiatives for tourism industry members (including staff of travel agents, tourist guides and tour escorts) so as to enhance the service quality of the industry. TIC launched the Travel Industry Training Fund Training Programme Subsidy Scheme in January 2018. Eligible organisations can apply for subsidies to organise training

activities that suit the development of Hong Kong's tourism industry and needs of the trade. In addition, TIC is preparing to launch new training programmes in 2018 and will announce details to the trade in due course.

- (e) At present, two 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. These two institutions will offer a total of 289 intake places in 2018-19 academic year.

Apart from UGC-funded institutions, the Vocational Training Council, the Open University of Hong Kong and many other self-financing post-secondary institutions are offering post-secondary education programmes at different academic levels in related disciplines to support the development of hotel and tourism sectors in Hong Kong.

In addition, the Education Bureau established the Travel Industry Training Advisory Committee in January 2018 to take forward the setting up of the Qualifications Framework for the travel sector to promote manpower training in the industry. TIC also holds recruitment days in collaboration with the trade and institutions, and organises training courses and seminars of different themes to match the manpower and training needs of the trade.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)119

(Question Serial No. 0426)

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 2018-19 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 subsidised by the Scheme in 2017-18 as well as their themes, contents and the number of visitors making use of them (as at the end of December 2017) (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 in the past year; and
- (c) as it is mentioned that the HKTb would generate further exposure of new tour products in visitor source markets by stepping up promotion of these products; the details and estimated expenditure of such measures?

Asked by: Hon LUK Chung-hung (Member Question No. (LegCo use): 2)

Reply:

(a) & (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 NTPDS, 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 NTPDS up to end December 2017, the NTPDS had subsidised 46 tour products, 13 of which received subsidies in 2017-18. The themes and details of the products are listed below:

Theme	Name of Product	Product Description
Education	6 Days Hong Kong Exploration Education Tour	This 6-day-5-night education tour heads to Hong Kong and Shenzhen, allowing students to enrich their knowledge of both cities by exploring science, nature, history and local culture through visits to traditional sightseeing spots and educational community.
Food & Wine	Beer Friend Hong Kong	The 2-hour nightlife tour features visits to special bars and restaurants in different districts.
	Shokubunka RikiShi Tanbo Tour	This food exploration tour takes visitors to experience Chinese and Hong Kong food culture, including meeting with registered Chinese medicine practitioners to understand the Chinese philosophies on health and visiting Museum of Food Culture to explore the food culture of Hong Kong.
Heritage	The Most of Hong Kong	The half-day tour introduces various “the most” in Hong Kong to visitors, including the oldest, the highest and the most historical side of Hong Kong.
	Soul of The Place	Visitors will visit three unique attractions, including the Kowloon Walked City, nunnery nearby and Tin Hau Temple, and share the historical stories of the attractions.
Living Culture	Family Time	This is a family-oriented tour. Visitors will spend time at Noah’s Ark and the Ani-Com Park@Harbour“FUN”, and join the family cooking classes to create new dishes.

Theme	Name of Product	Product Description
	Blogger's Playground	Visitors will go to Yau Ma Tei and Shanghai Street to explore the movie library at Broadway Circuit, Chinese bridal gown shops and kitchen utensil shops, thereby experience the unique culture of Hong Kong.
	Back to Old Hong Kong	Visitors can explore the half-octagonal building - Lin Fa Kung and learn about the custom of Fire Dragon Dance. The tour also showcases the old living culture of Hong Kong through tramway tour.
	The Way of Dragon	The tour takes visitors to different shooting spots of Bruce Lee's movies, the Bruce Lee exhibition at the Hong Kong Heritage Museum and the school Bruce Lee had attended to share his childhood stories.
	Our Childhood	This four-hour walking tour visits historical housing estates in Hong Kong – Choi Hung Estate and Ping Shek Estate. Visitors can experience Hong Kong's social and economic development and the contrast of living style in different generations.
Arts & Culture	Dream Seeking Journey	The tour takes visitors immersing in different art and culture scenes and participating in selected workshops at Oi! and Jockey Club Creative Arts Centre. Visitors will explore art with the local artists in diverse perspectives such as art appreciation, creative ideas, cookery and coffee making, etc.
Nature/ Great Outdoors	Dawn on the Horizon	The hiking tour takes visitors to the Tai Mo Shan to see the contrast of Hong Kong's day and night. The tour includes a dim sum meal at Chuen Lung Village at the hillside of Tai Mo Shan to experience the special Hakka cuisine.
	Nature in the City: an Exploration of Kowloon Park	Visitors can learn species of Hong Kong's commonly seen flowers and little wild animals at the visit to the Kowloon Park. The tour will also show visitors the heritage of the former British Whitfield cantonment.

In 2017-18, the 13 funded new tour products received subsidy at a total amount of \$1.45 million. Since the introduction of the NTPDS to end December 2017, nearly 50 000 participants took part in the tours.

(c)

The HKTB will make recommendations to travel trade partners regarding the themes of products offered under the NTPDS. Nevertheless, the HKTB encourages trade partners to design new products leveraging the diverse tourism resources in Hong Kong and welcomes 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. The HKTB 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 2018-19, the expenditure on NTPDS is estimated to be \$1.4 million.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)120

(Question Serial No. 0427)

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 work of the Commerce, Industry and Tourism Branch under this Programme that the Branch “continued to monitor the operation of the Kai Tak Cruise Terminal and worked closely with the Advisory Committee on Cruise Industry 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 numbers of cruise berthing as well as the respective passenger throughput levels at the 2 cruise terminals over the past year (with a breakdown by terminal);
- (b) the number of cruise companies that have included Hong Kong in 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 in the itineraries of their cruise fleet in 2018-19; and
- (c) the average length of stay and per capita spending of cruise visitors to Hong Kong over the past 3 years (with a breakdown by year), and the Government's measures to encourage cruise visitors to extend their stay in Hong Kong.

Asked by: Hon Hon LUK Chung-hung (Member Question No. (LegCo use): 3)

Reply:

(a)

The number 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 2017 are tabulated as follows:

Cruise berthing facility	Number of ship calls for conventional cruises	Cruise passenger throughput (arrivals and departures)
KTCT	186	784 073
OT	57	115 042
Other berthing facilities	2	3 969
Total	245	903 084

(b) & (c)

In 2017, there were 24 cruise brands that included Hong Kong in the cruise itineraries of their fleets.

The information regarding the average length of stay and per capita spending of cruise visitors visiting Hong Kong for 2017 is still being compiled by the Hong Kong Tourism Board (HKTB). The relevant figures for 2015 and 2016 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
2016	2.3 nights	1 night	\$2,308	\$1,424

The Government is committed to developing Hong Kong into a cruise hub in the region and has formulated comprehensive strategies and directions for cruise tourism development to seize the opportunities brought about by the growth in the international cruise tourism market, as well as to ensure the balanced, healthy and sustainable development of cruise tourism in Hong Kong. The specific strategic directions pursued by the Government in developing cruise tourism include driving more ship deployment to Hong Kong; cultivating Hong Kong as a cruise destination; diversifying cruise tourism market; and elevating Hong Kong's profile in the international cruise trade.

Every year, the Government reviews the relevant strategies and directions having regard to the latest development of the market and in consultation with the trade. Subsequently, the Government would launch corresponding initiatives accordingly. In 2018-19, the Government will allocate an additional provision of \$14 million for the HKTB to ensure the sustainable growth of cruise tourism by leveraging on the strengths of Hong Kong, consolidating the established diversified source markets, as well as seizing the opportunities brought about by the commissioning of the cross-boundary transport

infrastructure. Specific initiatives include continuing with the promotion on “fly-cruise” tourism; seizing the opportunities brought about by the upcoming commissioning of the Guangzhou-Shenzhen-Hong Kong Express Rail Link (XRL) by encouraging the trade to launch travel products that bundle XRL with cruise travel; and launching promotion campaigns targeting some of the Mainland cities along the express railway network, with a view to cultivating more source markets and increasing the depth of market penetration. In addition, the HKTb will leverage on the competitive advantages of Hong Kong in terms of tourist attractions to launch special offer packages that cover cruise and attractions, with a view to further consolidating the source markets thereat in southern China.

Apart from that, HKTb’s other major initiatives in 2018-19 for promoting cruise tourism include –

(i) Raise consumer demand for cruise travel and develop cruise markets

- Raise consumers’ interest in and demand for cruise travel by launching publicity and promotion campaigns targeting consumers in various source markets through digital marketing, social media, public relations initiatives and collaboration with the trade.
- Cooperate with cruise companies to promote cruise travel as a part of “Meetings, Incentive, Conventions and Exhibitions” (MICE) programme in Hong Kong to organisers from the Mainland, South Korea, Southeast Asia and India through familiarisation tours, travel missions etc.

(ii) Strengthen regional collaboration through the Asia Cruise Cooperation (ACC)

- Strive to expand the ACC by inviting more ports in the region to participate, while at the same time enlarge the scope of collaboration. In the past, the focus was on promotion targeting cruise companies to encourage them to include the ACC ports in their cruise itineraries. With the expanded scope of collaboration, the ACC will reach out to consumers through joint promotion in key source markets, with a view to inducing more consumers to choose cruise travel products that cover the ACC ports, in particular Hong Kong.

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

- Strengthen ties with the management of international cruise companies, in particular those that are interested in developing the Asian market, as well as to introduce to them the latest situation and development potential of Hong Kong in cruise tourism.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)121

(Question Serial No. 0428)

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 2017-18, the Government provided funding of \$12 million and \$5 million for the Hong Kong Tourism Board (HKTb) to launch pilot schemes to promote tourism projects with local characteristics and in-depth green tourism respectively. As mentioned under the Programme, the Government will continue to monitor the implementation of pilot schemes by the HKTb on promoting in-depth green tourism, attracting transit passengers and supporting tourism events showcasing Hong Kong's local characteristics. In this connection, will the Government inform this Council of:

- (a) the number of projects funded by the pilot scheme on promoting in-depth green tourism since its implementation, the total amount of funding drawn from the scheme, and the details of the projects as well as the number of visitors using the products or services concerned (please tabulate the information by project);
- (b) the measures adopted by the HKTb to assist in publicising the tourism products or services funded under the pilot scheme on promoting in-depth green tourism; and
- (c) the latest progress of the implementation of the pilot scheme by the HKTb on promoting tourism projects with local characteristics?

Asked by: Hon LUK Chung-hung (Member Question No. (LegCo use): 4)

Reply:

- (a) The Pilot Scheme to Promote In-depth Green Tourism (the Scheme), which was opened for application in September 2017, aims to provide subsidy for the travel trade to develop in-depth green tourism products. The Scheme received 16 applications, in which five green tourism products were subsidised, involving an estimated amount of \$1.4 million. Details of the products are listed below:

Name of Product	Itineraries
Rock Academy – Sai Kung Volcanic Rock Region	Sharp Island, Geopark Visitor Centre and Lions Nature Education Centre
Geopark Boat Tour: Sai Kung Islands	Kau Sai Chau, High Island, Jin Island and Sharp Island
Lantau South In-depth Agriculture Fishery and Heritage Tourism	Shek Pik Reservoir, Tai O, Yi-O and Fanlau Forts
Lai Chi Wo Hiking Tour	Wu Kau Tang, Sam A Tsuen and Lai Chi Wo
Geopark Hiking Tour	East dam of High Island Reservoir, Pak Lap and Tung A

As the above tourism products were released to market in mid-January 2018, figures on visitor participation are not yet available.

- (b) The Hong Kong Tourism Board (HKTb) is working with the travel trade to promote these products in different visitor source markets, and will arrange familiarisation tours for overseas media and trade.
- (c) HKTb rolled out the Pilot Scheme for Characteristic Local Tourism Events in January 2018 to provide funding support to registered non-profit-making organisations for staging events showing local characteristics with the potential to become attractive events with tourism appeal within the period of 1 April 2018 to 31 March 2019. The event should attract total attendance of 7 000 or more, with at least 10% of them visitors. The HKTb received seven applications by the application deadline in mid-February 2018 and would support the approved events after the evaluation panel has completed the assessment exercise.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)122

(Question Serial No. 0429)

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 this Programme that the Hong Kong Tourism Board ("HKTB") will promote Hong Kong's unique historical/heritage/cultural tourism through district programmes of Old Town Central and a new campaign in Sham Shui Po in 2018-19. In this connection, will the Government inform this Committee of the following:

- (a) the number of copies of the guidebook on Old Town Central distributed by the HKTB, and the number of page views and/or downloads of the guidebook via the Internet or the relevant mobile application since the launch of the project;
- (b) the estimated expenditures for developing Old Town Central and the new campaign in Sham Shui Po;
- (c) whether the HKTB has selected some other districts for taking forward similar programmes; if yes, of the details; and if no, of the reasons for that; and
- (d) whether the HKTB will consider arranging for local tourist guides to work as part-time conductors of guided tours with fixed departure times and points for the above thematic walking routes on a trial basis, so that local frontline tourist guides can gain a share of the new opportunities brought about by a change in travel pattern.

Asked by: Hon LUK Chung-hung (Member Question No. (LegCo use): 6)

Reply:

- (a) The Hong Kong Tourism Board (HKTb) launched a brand-new programme “Old Town Central” in April 2017 to repackage and promote the diverse tourism appeal of Central. Initiatives include recommending a number of thematic walking routes to introduce heritage buildings and landmarks, arts and culture, lifestyle as well as dining and entertainment offerings in the district, for visitors to explore the Central neighbourhood with elements of history, art, culture and entertainment according to their interests and at their own pace. To facilitate promotions, the HKTb has produced printed guidebook/map, which is also available for download on its website and mobile app, to encourage visitors to explore the living culture and local neighbourhoods in depth. As of February 2018, the HKTb has disseminated over 360 000 copies of printed guidebook/map and the “Old Town Central” dedicated webpage has recorded a total page view of 890 000.
- (b) The HKTb’s total proposed marketing budget in 2018-19 is approximately \$401.2 million (excluding the additional funding as stated in the Budget), which has covered the expenditure for promoting “Old Town Central” and the new promotion campaign for Sham Shui Po. Furthermore, for the additional funding provided to the HKTb by Government in 2018-19, about \$7.5 million will be allocated for the promotion of local district appeals. As the expenditure for publicity of district promotion has been subsumed into various promotion aspects of the HKTb, it is difficult to break down and quantify the relevant expenditure items separately.
- (c) The HKTb believes that by promoting in-depth travel experience in Hong Kong, the tourism appeal of the district as well as Hong Kong as a whole will be elevated. Therefore, in 2018-19, the HKTb will continue to promote “Old Town Central” and launch a new programme for Sham Shui Po with a view to promoting the diverse local culture of the area. The HKTb plans to extend the related programme to six or seven more districts to further enrich visitors’ in-town experience and extend their length of stay in Hong Kong.
- (d) Currently, there are many travel agents developing and operating various district tours in Hong Kong. The HKTb also encourages the local travel trade to develop new tour products in various themes through the “New Tour Product Development Scheme”. By end 2017, the Scheme has subsidised 46 tour products. The HKTb will continue to run this Scheme in 2018-19.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)123

(Question Serial No. 2741)

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 paragraph 106 of the Budget Speech, it is mentioned that the Government will promote green tourism by enhancing supporting facilities at popular hiking trails and those with good tourism potentials. In this connection, will the Government inform this Committee of:

- (a) the hiking trails to be covered by these measures and the specific enhancement plans (in table form), as well as the estimated expenditure for these measures;
- (b) the measures it put in place in 2017-18 in promoting green tourism and nature-based tourism products, the expenditure for such measures, and the promotion plan and estimates for this financial year;
- (c) the measures it put in place in 2017-18 in improving the traffic support and facilities for green tourism attractions, the expenditure for such measures, and the plan and estimates for this financial year; and
- (d) the measures it has taken in enhancing the ancillary transport facilities for the Hong Kong UNESCO Global Geopark to improve its accessibility?

Asked by: Hon LUK Chung-hung (Member Question No. (LegCo use): 7)

Reply:

- (a) In order to promote green tourism, the Government has earmarked an annual funding of \$15 million from 2018-19 to 2022-23 to enhance the tourism supporting facilities of some popular hiking trails as well as those with tourism appeal potential within country parks. The proposed works mainly covers improvement to existing hiking trail network, control of soil erosion at the trails, enhancement of vegetation coverage, addition of lookout points, enrichment of

information boards, etc. In the first phase, the Government will enhance the supporting facilities of Dragon's Back (Shek O Country Park), Peak Trail (Pokfulam Country Park), Wu Kau Tang to Lai Chi Wo (Pat Sin Leng Country Park), Shing Mun Reservoir Walk (Shing Mun Country Park), MacLehose Trail Section 1 (Sai Kung East Country Park) and Lantau Trail Section 2 (Lantau South Country Park), etc. Details of the improvement works on individual trails are being worked out and the estimated expenditure of the works cannot be provided for the time being. Furthermore, the Government will enhance the relevant thematic website and mobile application to provide detailed information on hiking to enrich visitors' experience.

- (b) The Hong Kong Tourism Board (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 also promotes Hong Kong's natural green tourism products and countryside landscapes to visitors through its "Great Outdoors Hong Kong" platform between November and March each year, covering the Hong Kong UNESCO Global Geopark, hiking trails and itineraries featuring the outlying islands, as well as guided tours and green tourism products offered by the travel trade and other organisations.

In 2017-18, the Government allocated \$2 million to HKTb to produce around 200,000 hiking guidebooks to recommend twelve hiking trails and cycling routes, and suggest the best photography locations to visitors during the "Great Outdoors Hong Kong" promotion period.

In addition, the HKTb had been granted \$5 million to launch the Pilot Scheme to Promote In-depth Green Tourism (the Scheme), which was open for application in September 2017, to provide subsidy for the travel trade to develop in-depth green tourism products. The Scheme received 16 applications, in which five green tourism products were subsidised and released to market for six months in mid-January 2018. The HKTb is working with the travel trade to promote these products in different visitor source markets.

In 2018-19, 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. The HKTb will also continue to offer the pilot scheme to promote in-depth green tourism to encourage trade partners to develop green tourism products.

The HKTb's total marketing budget in 2018-19 is approximately \$401.20 million (excluding the additional funding as stated in the Budget), which has covered part of the expenditure for promoting green tourism. Moreover, the Government will allocate an additional funding of \$4 million to HKTb in 2018-19 to step up promotion in green tourism.

- (c) & (d) To improve the public transportation for Geopark, the Agriculture, Fisheries and Conservation Department has introduced a guided shuttle bus tour to East Dam

and facilitated the launch of a kaito ferry service running between Ma Liu Shui and Lai Chi Wo. To facilitate locals and visitors to go to the Hong Kong Geopark on Sundays and public holidays, the Transport Department (TD) has proposed introducing a franchise bus route from Wong Shek Pier to Sha Tin and a green minibuss route between East Dam and Pak Tam Chung. The TD has consulted the transport trade and Sai Kung District Council, and is considering the views received. The relevant department will continue to collaborate with relevant community groups and other stakeholders to enhance the transportation for Geopark.

Separately, the TD invited licensed ferry and “kaito” operators to operate the new “kaito” routes in end 2017 with a view to promoting green tourism. The TD has received an application for introducing a route between Ma Liu Shui and Kat O/Ap Chau and is processing the application.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)124

(Question Serial No. 2744)

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 programme, the provision for 2018-19 is \$47.3 million higher than the revised estimate for 2017-18. This is due to the increased provision to support the operations and litigation work of the Competition Commission (the Commission). In this connection, will the Government advise this Committee of the following:

- (a) the specific work details and distribution of the increased provision to support the operations and litigation work of the Commission;
- (b) up to present, the expenditure involved in the litigation work in relation to the two cases brought before the Competition Tribunal by the Commission in 2017; and
- (c) whether the Commission has estimated the expenditure for its litigation work in the coming year; if so, what are the details?

Asked by: Hon LUK Chung-hung (Member Question No. (LegCo use): 30)

Reply:

- (a) The Government provides a subvention to the Competition Commission to support its various functions to implement the Competition Ordinance. The total subvention for 2018-19 is \$127.5 million. Compared to 2017-18, the increase in subvention is \$47.3 million, comprising around \$21.7 million (46%) to enhance support to the Commission's daily operation, and \$25.6 million (54%) for litigation work.

- (b) The Commission has so far brought two cases to the Competition Tribunal. As at end 2017, the litigation expenses incurred on these two cases amounted to about \$8.6 million.
- (c) The Commission's estimated litigation expenses in 2018-19 is about \$25.6 million.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)125

(Question Serial No. 2754)

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 work of the Competition Commission (the Commission) mentioned in this programme, will the Government advise this Committee of the following:

- (a) for the work to advise the Government on competition matters in Hong Kong and outside Hong Kong, the items on which advice was given to the Government in the past 3 years; the key points of the advice and the follow-up actions taken by the Government respectively (set out in a table by year and item);
- (b) for the work to conduct market studies into matters affecting competition in markets in Hong Kong, the themes of studies planned to be carried out by the Commission in 2018; and
- (c) the plan and estimated expenditure for the publicity and advocacy work to be carried out by the Commission in 2018-19?

Asked by: Hon LUK Chung-hung (Member Question No. (LegCo use): 32)

Reply:

- (a) The Competition Commission has been liaising with and providing advice to the Government and public bodies on issues relating to competition, such as advice on the Voluntary Health Insurance Scheme, and on the code of marketing and quality of formula milk for infants; the Commission's submission to the public consultation on the Future Development of the Electricity Market; and the advisory bulletins on the supply of Piped Liquefied Petroleum Gas in public housing estates, and the Codes of Conduct of the Hong Kong Institute of Architects and the Hong Kong Institute of Planners, etc.. The Commission has published its study reports and advisory bulletins online.

The Commission released a market study report in 2016 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.

To cultivate the best practices in undertaking building repair and maintenance works and help crowd out the opportunity for bid-rigging syndicates to interfere with the building repair and maintenance markets, the Urban Renewal Authority (“URA”) 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. To encourage more property owners to take up Smart Tender, the Government has committed \$300 million to subsidise property owners to participate in Smart Tender at a concessionary rate. In partnership with the URA, the Government launched the initiative in October 2017.

The Government also continues, through its “RenoSafe Scheme”, to educate the public to be aware of any unlawful means to affect the tendering and the process of works in building renovation projects and invite the public to report to the Police suspected cases.

In addition, the Commission released in 2017 a study report on the auto-fuel market in Hong Kong. In addition to looking at auto-fuel prices and their movements, the Commission has identified a number of structural and behavioural features of the local auto-fuel market that are hindering competition and are likely to have contributed to the high auto-fuel prices. The Commission made recommendations in the report and has been in touch with the relevant Government bureau/departments on its recommendations. The Government is studying the recommendations and will report to the Legislative Council the outcome in due course.

- (b) The Commission is exploring suitable topics of public concern with significant implications on competition for conducting market studies, and it is considering the details of the market study to be carried out in 2018-19.
- (c) In 2018-19, the Commission will continue its momentum to increase public and business awareness and their compliance of the Competition Ordinance through outreach and engagement events, including seminars, roundtables, exhibitions, new publications and promotional materials, etc.. The Commission will also reach out to youngsters with tailored educational programmes to promote benefits brought by the competition law.

The Commission’s budget for 2018-19 includes about \$6.4 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)126****(Question Serial No. 2199)**

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 Matters Requiring Special Attention in 2018-19 that the Commerce, Industry and Tourism Branch will continue to co-ordinate work on policy and on-going projects/initiatives to facilitate tourism development. In this connection, please provide this Committee with the following information:

- (a) Please use the table below to provide details of mega events organised by the Hong Kong Tourism Board (HKTb) in Hong Kong in the past year.

Event	Date of the event	Description of the event	Expenditure	Number of participants

- (b) Please use the table below to provide details of mega events held in Hong Kong and sponsored by the Government or HKTb in the past year.

Event	Organisation sponsored	Date of the event	Description of the event	Amount of sponsorship	Number of participants

- (c) Since the 2017-18 financial year, the Government has been adopting the following 4 new strategies to encourage and support different organisations to stage events or activities in Hong Kong: (1) providing one-stop support for large-scale commercial events with significant tourism merits, (2) cultivating home-grown events to enhance their status, (3) supporting international events with significant branding impact on Hong Kong, and (4) introducing a pilot scheme to provide funding support for activities with local characteristics and tourism appeal. What work or projects did the Government engage in respectively under the 4 strategies in 2017-18? What was the expenditure involved? What work or projects does the Government expect for 2018-19? What will be the estimated expenditure involved?

Asked by: Hon MA Fung-kwok (Member Question No. (LegCo use): 28)

Reply:

- (a) Details of the mega events organised by the Hong Kong Tourism Board (HKTb) in 2017-18 are as follows:

Mega event	Date	Programme	Event and marketing expenditure Note 1 (HK\$)	Attendance
Hong Kong Dragon Boat Carnival	2-4 June 2017	The event was held at the Victoria Harbour and the Central Harbourfront with highlights of international and local dragon boat races, BeerFest and food trucks, etc.	Around \$14 million	Around 71 000
e-Sports and Music Festival Hong Kong	4-6 August 2017	The event was held at the Hong Kong Coliseum, featuring e-Sports tournaments, music concert and gourmet. There were booths outside the Coliseum showcasing e-Sports games and related products.	Around \$58 million	Around 60 000
Hong Kong Cyclothon	8 October 2017	The event was held across the territory, with programmes including Hong Kong's first Union Cycliste Internationale (UCI) Asia Tour Class 1.1 Road Race as well as the Men's Open and Women's Open. The event also featured various cycling activities open to the public, including the 50km Ride, 30km Ride, Family Fun Ride, and the Kids & Youth Rides.	Around \$21 million	Around 57 000
Hong Kong	Hong	During the Hong Kong	Around	The Hong

Mega event	Date	Programme	Event and marketing expenditure Note 1 (HK\$)	Attendance
Great November Feast (including the Hong Kong Wine & Dine Festival)	Kong Great November Feast (November 2017) Hong Kong Wine & Dine Festival (26-29 October 2017)	Great November Feast, a range of local restaurants and key dining districts rolled out a series of culinary events and special offers. The 4-day Hong Kong Wine & Dine Festival held at the Central Harbourfront Event Space was the kick-off event for the Hong Kong Great November Feast and featured around 400 wine and food booths.	\$72 million	Kong Great November Feast encouraged visitors to explore various districts in Hong Kong, thus it was difficult to estimate the actual attendance. The Hong Kong Wine & Dine Festival achieved an attendance of around 141 000.
Hong Kong Pulse Light Show	11 August - 2 September & 1-28 December 2017	Coinciding with the HKTb's mega events, i.e. the Hong Kong Summer Fun and Hong Kong WinterFest, this multimedia show with 3D projection mapping, took place at the Hong Kong Cultural Centre and the Clock Tower in Tsim Sha Tsui.	Around \$28 million	Around 730 000

Mega event	Date	Programme	Event and marketing expenditure Note 1 (HK\$)	Attendance
New Year Countdown Celebrations	31 December 2017	This event featured two highlights: a 10-minute pyromusical illuminated at the Victoria Harbour; and the performance by a performing arts group demonstrating a mix of theatrical, chorographical and circus entertainments near the Tsim Sha Tsui Star Ferry Pier.	Around \$19 million	Around 360 000
Hong Kong Chinese New Year Promotions (including the International Chinese New Year Night Parade)	16 February 2018	Highlights included the International Chinese New Year Night Parade organised by the HKTb on the first night of the Chinese New Year at the Hong Kong Cultural Centre and Tsim Sha Tsui district, and the float display and performances by various international performing groups in the following few days. Other festive happenings, such as the flower market and the Chinese New Year Fireworks, were also recommended to visitors.	Around \$35 million	Around 150 000

Note 1 : Expenditures were partially covered by additional funding provided by the Government, as well as event sponsorship and revenue.

- (b) In 2017-18, the Government supported the staging of mega events in Hong Kong through allocating funding to the HKTb. Details of the events supported by the HKTb are as follows:

Project title	Organiser	Date of event	Nature	Funding ceiling (\$ million)	Number of participants
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Project title	Organiser	Date of event	Nature	Funding ceiling (\$ million)	Number of participants
Hong Kong Tennis Open	Hong Kong Tennis Open Event Management Limited	7-15 October 2017	Professional international tennis tournament	9	50 000 ^{Note 2}
Hong Kong Open	Hong Kong Golf Association Hong Kong Golf Club	23-26 November 2017	Professional international golf tournament	15	44 457 ^{Note 2}

Note 2 : Expected numbers. The actual numbers will be confirmed after the HKTb has completed assessment of the evaluation reports as submitted by the event organisers.

- (c) In 2017-18, the Government allocated \$93.3 million to implement the following work under the new strategy:
- (1) the Tourism Commission to provide “one-stop” support to large-scale commercial events with significant tourism merits (e.g. the FIA Formula E Hong Kong E-Prix), including enhancing the communication and cooperation among the organisers and the Government bureaux / departments;
 - (2) to enhance four home-grown events (including the Hong Kong Dragon Boat Carnival, the Hong Kong Cyclothon, the Hong Kong Wine & Dine Festival and the Tai Hang Fire Dragon Dance) with a view to marketing them as signature events in Asia;
 - (3) to support the marketing and publicity of international events with significant branding impact (including the Art Basel, the Hong Kong Sevens, the Hong Kong Tennis Open and the Hong Kong Open) to be held continuously in Hong Kong; and
 - (4) to implement the Pilot Scheme for Characteristic Local Tourism Events for providing funding support for arts, cultural, festivals, dining or sports events with Hong Kong’s local characteristics and unique attributes.

In 2018-19, the Government will allocate \$121.3 million to continue the implementation of the above work under the new strategy so that events and activities of different scales and types could be supported according to their needs, and as a result Hong Kong will have a wide range of events and activities with local characteristics throughout the year to attract more visitors to Hong Kong.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)127

(Question Serial No. 2200)

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 was stated that continued efforts would be made to promote Hong Kong as a premier intellectual property (IP) trading hub in the region. In this connection, please advise this Committee of the following:

(a) In 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 the region. The recommended action framework comprises 4 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. What were done by the Government in these 4 strategic areas respectively in the past year? What was the expenditure involved? What will be done by the Government in these areas respectively in the coming year and what is the expenditure involved?

(b) Apart from implementing the said 28 recommended measures, what initiatives were and will be introduced by the Government in the past year and in the coming year to promote IP trading and enhance IP protection, in particular IP protection in a digital environment? What are the expenditures involved for such initiatives?

Asked by: Hon MA Fung-kwok (Member Question No. (LegCo use): 35)

Reply:

Promote Hong Kong as the IP trading hub in the region

The Government accepted in March 2015 the Working Group on IP Trading's comprehensive and long-term recommendations, and has since been working in full swing in collaboration with stakeholders on implementation of the relevant measures. Key items of the progress made so far and the future work plan are as follows:

- the Patents (Amendment) Ordinance 2016 has been enacted by the Legislative Council to provide the essential legal framework for the establishment of the "Original Grant" patent (OGP) system. We are pressing ahead with preparations on various fronts with a view to rolling out the OGP system in 2019 the earliest;
- the Government has decided to implement the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks in Hong Kong. We are preparing legislative proposals to amend the Trade Marks Ordinance, with a view to providing the essential legal framework for implementation of the Madrid System in Hong Kong;
- we have already introduced the Inland Revenue (Amendment) (No. 2) Bill 2018 into the Legislative Council (LegCo) for first and second readings on 11 April 2018. We will seek to secure early passage of the Bill by LegCo, so as to expand the scope of profits tax deductions for capital expenditure incurred for the purchase of IP rights from the existing five types of IP rights to eight types;
- the Arbitration (Amendment) Ordinance 2017 put forward by the Department of Justice (DoJ) has been enacted to clarify that IP disputes could be settled by arbitration. IPD will continue to support DoJ in promoting the resolution of IP disputes by way of arbitration and mediation;
- the Government has been co-organising the Business of IP Asia Forum with the Hong Kong Trade Development Council and the Hong Kong Design Centre since 2013. The 2017 Forum attracted over 2,500 participants from 35 countries and regions. The 2018 Forum will be held on 6 and 7 December 2018;
- IPD has launched the IP Manager Scheme for small and medium enterprises (SMEs) since May 2015 with a view to increasing their knowledge on IP and its commercialization. IPD has organised 6 training programmes with more than 1 100 attendees from over 720 enterprises up to March 2018, and will continue to run the scheme;
- IPD has officially launched the free IP Consultation Services Scheme for SMEs since September 2016. IPD has completed over 130 consultation sessions up to March 2018; IPD also launched in April 2016 the "IP Manager Practical Workshop" for those who have joined the training programmes. IPD has, up to March 2018, run ten workshops with over 330 attendees;
- IPD has, in collaboration with the Law Society of Hong Kong, produced two

booklets on “IP Audit and Due Diligence” and “IP Licensing”, which were published in 2017; and

- IPD produced a new set of TV Announcement of Public Interest in 2017 to strengthen the promotion of IP trading.

Among the above measures, items involving enhancement of the IP protection regime and legislative amendment exercise are part of Government’s regular work, and hence have been and will continue to be funded from within existing resources. As regards specific new measures such as the provision of support services to SMEs, manpower capacity training, and publicity work, CITB has set aside provision for 3 years from 2015-16 to 2017-18 for their implementation during the above period. To sustain these efforts, IPD’s recurrent provision will be increased by \$5.4 million as from 2018-19 to facilitate the Department in planning and carrying out work on IP trading on a long term basis.

In addition, the Commerce, Industry and Tourism Branch will convert one time-limited post (at the rank of Chief Executive Officer) into a permanent post from 2018-19 onwards to strengthen its capacity in coordinating and overseeing the promotion of IP trading.

Enforcement of Intellectual Property Rights (IPR) protection

The Government has all along been attaching great importance to IPR protection, in particular IPR protection in the digital environment. On the enforcement front, as a result of the continuous and vigorous enforcement actions taken by C&ED, IPR infringing activities in the local market have reduced significantly as compared with several years ago, 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 3 dedicated “Anti-Internet Piracy Teams” for the relevant enforcement work; to establish the “Electronic Crime Investigation Centre” to enhance the capabilities of frontline officers in online investigation and evidence collection; and to develop various online monitoring systems to better monitor and combat online IPR infringing activities, such as the Big Data Analytics System launched at the end of 2017. This System can analyse mass information on different Internet platforms for effective screening and updates on infringing activities.

Publicity and education on IPR protection

IPD attaches great importance to IPR protection through publicity and education. The Department has been taking forward 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). IPD collaborates with various organisations in conducting talks, concerts, competitions and large-scale promotional events, and supports a diversified range of publicity and education activities. IPD also produces Announcements of Public Interest (APIs) from time to time, and launches activities targeting at schools such as interactive drama programmes, interactive tutorial websites, visits to primary and secondary schools as well as seminars in tertiary institutions, etc. to put across the messages of respecting creativity, protecting IPR

and stopping online infringement. In 2018-19, IPD will continue to implement the above measures which include:

- (i) broadcasting APIs on television;
- (ii) producing leaflets for distribution at seminars, exhibitions and schools and for uploading onto IPD's website;
- (iii) organising a science lecture and placing supplements in local newspapers targeted at students; and
- (iv) organising a large scale promotion activity for members of the "I Pledge" Campaign.

When carrying out the above-mentioned promotion and education work to the public, IPD puts great importance on promoting the respect for and protection of copyright in the digital environment. Among others, IPD will quote the latest law enforcement cases to remind the public (especially young people) not to defy the law by infringing copyright on the Internet. Such cases include the one concluded in December last year in which charges of "circumvention of effective technological measures" under the Copyright Ordinance and "conspiracy to defraud" under the common law were applied by Customs for the first time in the successful prosecution of an infringing case involving TV set top boxes and applications.¹ IPD has also been organising different activities with C&ED and the local IP industry through the "Youth Ambassador Against Internet Piracy" scheme they jointly launched in 2006 to strengthen the awareness of young people to prevent online infringement. The scheme currently has more than 200,000 members.

The efforts to promote awareness of and respect for IPR (including the respect for and protection of IPR in the digital environment) are part of the day-to-day work of IPD. IPD will continue to take forward various initiatives by existing resources.

- End -

1. The syndicate mastermind and two other defendants were sentenced to imprisonment ranging from 21 to 27 months. The sentence is the heaviest penalty ever for Internet piracy in Hong Kong.

CONTROLLING OFFICER'S REPLY

CEDB(CIT)128

(Question Serial No. 5420)

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:

Will the Bureau please provide the balance, government injection amount, investment or other income and total expenditure of the following funds in 2016-17 and 2017-18? 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. (LegCo use): 77)

Reply:

Please see the Appendix for the details of the four Funds referred to in the question.

1. Name of Fund: Consumer Legal Action Fund

Financial Year	Government injection (\$million)	Investment or other income (\$million)	Total Expenditure (\$million)	Balance (\$million)
2016-17	0	0.12	2.47	8.94
2017-18 (up to 28 February 2018, unaudited)	0	0.09	1.35	7.69

Note: Fund outside the Accounts of the Government.

Financial Year	Government injection (\$million)	Investment or other income (\$million)	Total Expenditure (\$million)	Balance (\$million)
2016-17	0	0	71.910	655.857
2017-18 (up to 31 March 2018)	0	0	100.460	555.397

2. Name of Fund: Dedicated Fund on Branding, Upgrading and Domestic Sales

3. Name of Fund: Mega Events Fund (MEF)

Financial Year	Government injection	Investment or other income	Total Expenditure	Balance
	(\$million)	(\$million)	(\$million)	(\$million)
2016-17	0	0	18.526	74.273 ^{Note 1}
2017-18 (up to 31 March 2018)	0	0	19.981	---

Note 1 : Due to the expiration of the MEF by the end of March 2017, there was no new event supported by MEF in 2017-18. The expenditure in 2017-18 reflected expenditure for settling outstanding balances in respect of MEF-supported events completed before end-March 2017.

4. Name of Fund: SME Export Marketing and Development Funds

Financial Year	Government injection	Investment or other income	Total Expenditure	Balance
	(\$million)	(\$million)	(\$million)	(\$million)
2016-17	0	0	174.125	1,539.377
2017-18 (up to 31 March 2018)	0	0	166.151	1,373.226

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)129

(Question Serial No. 0405)

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,
(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:

As mentioned in the Controlling Officer's Report, one of the functions of the Consumer Council (CC) is to facilitate consumers to seek redress through the use of the Consumer Legal Action Fund (the Fund). In this connection, will the Government inform this Committee of the following:

- (a) the number of cases that the CC had facilitated consumers to seek redress through the use of the Fund over the past 5 years and the amount of money involved (please provide a breakdown by year); and the balance of the Fund;
- (b) the nature of cases seeking redress through the use of the Fund and the consideration factors and procedures of the CC in using the Fund to facilitate individual consumers to seek redress; and
- (c) the reasons for an injection of \$10 million into the Fund by the Government in 2018-19?

Asked by: Hon MAK Mei-kuen, Alice (Member Question No. (LegCo use): 27)

Reply:

The Consumer Legal Action Fund (the Fund) is a trust fund set up to provide greater consumer access to legal remedies by providing legal assistance. The Consumer Council is the trustee of the Fund. The Board of Administrators of the Fund (the Board) is responsible for the overall administration of the Fund, and it approves or rejects an application based on the recommendation of the Management Committee of the Fund (the Management Committee).

In considering applications to the Fund, factors for consideration include whether significant public interest and injustice are involved, the number of consumers affected, the chance of success in litigation, and whether there would be deterrent effect on unscrupulous business practices. In handling an application, staff of the Consumer Council will seek to understand the details of the case from the consumer, peruse the application and related documents, clarify the facts and conduct research on relevant legal and factual issues. The matter is then presented to the Management Committee of the Fund for deliberation. If the Management Committee recommends the Fund to grant assistance, staff of the Consumer Council will then seek endorsement of this recommendation from the Board.

Legal assistance may be in the form of advice, assistance and representation by a solicitor and counsel. Over the years, the Fund has assisted a number of applicants who had been involved in matters relating to sharp or unscrupulous trade practices to obtain compensation, and assisted consumers in cases of significant consumer interest. Successful cases include actions against banks, developers, tour operators, among others, which have had a deterrent effect on unscrupulous business practices to some extent.

The numbers of cases with assistance provided by the Fund, the total claim amount involved and balance of the Fund in the past five financial years are as follows -

	2012-13	2013-14	2014-15	2015-16	2016-17
Number of newly assisted applications and assisted cases in progress (number of applicants involved)	16(16)	18*(18)	11(11)	12*(12)	12(12)
Claim amount ^	\$3,310,484	\$4,278,124*	\$1,218,207	\$1,262,106*	\$1,386,607
Year-end Balance of the Fund	\$17,645,902	\$15,743,029	\$13,921,645	\$11,285,384	\$8,942,136

* one of the applicants sought a declaration and not monetary relief in one case

^ not including interest and legal costs

In 2018-19, the Government will provide a capital injection of \$10 million to the Fund to support its operation, ensuring that the Fund has the financial sustainability to provide legal assistance to consumers in cases involving significant consumer interest.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)130

(Question Serial No. 0406)

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 2018-19” that the CITB will “continue to monitor the implementation of the amended Trade Descriptions Ordinance (the Ordinance) in tackling unfair trade practices that may be deployed in consumer transactions”. In this connection, will the Government inform this Committee of the following:

- (a) over the past 3 years, the number of complaint cases in relation to the Ordinance (i) received, (ii) investigated, and (iii) prosecuted successfully by law enforcement agencies (please set out in a table by year and offence);
- (b) the effectiveness of the implementation of the Ordinance having regard to the monitoring work of the Administration; and
- (c) the latest progress of a study on cooling-off periods which was expected to be completed in 2017 by the Consumer Council as mentioned by the Administration last year?

Asked by: Hon MAK Mei-kuen, Alice (Member Question No. (LegCo use): 28)

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	Relevant information	2015	2016	2017
False trade descriptions	Number of complaint cases	3 947	4 476	6 169
	Number of cases investigated	107	92	78
	Number of convictions (company/individual)	66	40	43
Misleading omissions	Number of complaint cases	752	332	213
	Number of cases investigated	18	12	10
	Number of convictions (company/individual)	10	8	11
Aggressive commercial practices	Number of complaint cases	254	191	151
	Number of cases investigated	7	10	2
	Number of convictions (company/individual)	3	1	4
Bait advertising	Number of complaint cases	27	15	8
	Number of cases investigated	0	1	1
	Number of convictions (company/individual)	0	0	1
Bait and switch	Number of complaint cases	25	11	2
	Number of cases investigated	0	0	0
	Number of convictions (company/individual)	0	0	0
Wrongly accepting payment	Number of complaint cases	1 023	2 197	376
	Number of cases investigated	3	10	9
	Number of convictions (company/individual)	0	0	3
Other offences under TDO ^	Number of complaint cases	60	38	3
	Number of cases investigated	33	19	8
	Number of convictions (company/individual)	46	22	16

^ Such as sections 4, 9 and 12 of TDO.

Since the amended TDO 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 to monitor 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. We observe that law enforcement agencies have been combating unfair trade practices through enforcement actions such as acceptance of written undertakings from traders and initiation of prosecutions, while there has been an increased understanding 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.

The Consumer Council is conducting a study on cooling-off periods, and its current plan is to publish the study report in April 2018.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)131****(Question Serial No. 2675)**

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 this year that the Government will “allocate a total of \$310 million in the next few years to support the Ocean Park in developing education and tourism projects.” In this connection, please advise this Committee of:

- (a) the details of the allocation and whether there is a timetable for the allocation;
- (b) the details of the education and tourism projects to be developed and the new 3D projection-cum-water light show to be staged, as well as the respective percentages of the two items in the estimated allocation mentioned above; and
- (c) the amount of public money to be allocated to the Ocean Park for developing education and tourism projects in the 2018-19 financial year.

Asked by: Hon MO Claudia (Member Question No. (LegCo use): 1)

Reply:

We announced in 2018-19 Budget that a total of \$310 million would be allocated in the next few years to support the Ocean Park in developing education tourism projects and staging a new 3D projection-cum-water light show with local elements. These two items are time-limited measures to be implemented in the coming 5 years (2018-19 to 2022-23). The initial estimated annual expenditure is as follows –

Financial Year	2018-19 (\$ million)	2019-20 (\$ million)	2020-21 (\$ million)	2021-22 (\$ million)	2022-23 (\$ million)
Estimated Expenditure	26.3	61.8	103.2	89.2	29.5

The Ocean Park is an important tourist attraction in Hong Kong. Having considered its substantial experience in launching conservation-cum-edutainment programmes, we believe allocating funds to the Park to promote education tourism in the form of partnership would be beneficial to the tourism and economic development and strengthen Hong Kong's position as a premier destination for family visitors. Meanwhile, Ocean Park will also utilize their own resources to upgrade the Park's facilities and step up promotion efforts in the major source markets. It would enhance the attractiveness of the new programmes to the tourists in the region and tie in with our policy objective of attracting high-yield overnight visitors, details of the projects will be announced in due course.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)132

(Question Serial No. 2693)

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, Hong Kong 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 2018-19 financial year, will the Government earmark any provision for the purpose of covering British crown markings and royal ciphers on posting boxes? If yes, what are the details?

Asked by: Hon MO Claudia (Member Question No. (LegCo use): 19)

Reply:

We have received a wide range of opinions on the preservation of old posting boxes. Having examined and taken full account of the opinions of different stakeholders, we do not consider it necessary to change the markings or ciphers on the existing old posting boxes.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)133****(Question Serial No. 5961)**

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 2018-19, the Hong Kong Tourism Board will deploy 76% of its total marketing budget to the international markets; and the remaining 24% in the Mainland market, of which 80% will be deployed to non-Guangdong region. What will be the detailed estimated expenditure in 2018-19? Please also list in the table below the estimated expenditure.

Target cities/ provinces/regions	Marketing content	Amount	Percentage increase/decrease over the previous year

Asked by: Hon MO Claudia (Member Question No. (LegCo use): 51)

Reply:

The Hong Kong Tourism Board (HKTB)'s total marketing budget for 2018-19 is \$401.2 million, which includes marketing expenses allocated to the HKTB's head office for the planning and execution of various global and regional promotion projects. About \$157.1 million will be allocated to promotions in source markets for attracting overnight visitors.

Of all the expenses allocated to promotions in source markets, 76% will be allocated to the international markets, of which 53% will be used in short-haul markets including Taiwan, Japan, South Korea and Southeast Asia. The Mainland will be allocated 24% of the HKTB's

total marketing budget, of which 80% will be used in non-Guangdong regions to attract overnight visitors, and the rest will be used in the Guangdong province.

In 2018-19, the HKTb's promotion in the Mainland will continue to focus on attracting overnight arrivals. Initiatives include the following:

(1) Promoting Hong Kong's hospitable image and quality service culture

- Collaborate with young celebrities in the Mainland with a background related to Hong Kong, tying in with mega events and travel experiences, to produce short promotional videos, stories and articles that will be released on social media platforms to promote Hong Kong's diversified tourism appeal and deliver the message that Hong Kong welcomes all visitors;
- Strengthen collaboration with online media to distribute travel information about Hong Kong by means of posts, images, photos and animation via various online media channels. The coverage will be extended to include major video streaming platforms and social media platforms in order to extend our reach to young consumer groups; and
- Invite high-rating Mainland reality shows to film in Hong Kong to showcase Hong Kong's vibrant and unique travel experiences.

(2) Partnering with the travel trade to entice visitors to Hong Kong by introducing themed promotions and offers

- Step up collaboration with online travel platform Ctrip, leveraging its edge in sales and experience in the development of free independent travel products to produce short videos promoting various themed travel experiences in Hong Kong with a view to attracting consumers to visit Hong Kong;
- Step up collaboration with major online travel agencies and airlines in the Mainland to draw overnight visitors by rolling out special tour products targeting families and the young segment; and
- Partner with Cathay Pacific Airways to launch nationwide "gourmet" and "night life" themed winter promotions, with tailor-made offers to attract young travellers.

The HKTb's promotion focus and estimated expenses for various regions in the Mainland are as follows:

Region	Promotion item	2018-19 Proposed Budget (million\$)	2017-18 Revised Budget (million\$)
Southern- China Region	<u>Non-Guangdong</u>	11.4	19.7
	<ul style="list-style-type: none"> - Collaborate with online travel portals and travel agents to promote Express Rail Link (XRL) and Hong Kong-Zhuhai-Macao Bridge related travel products; - Leverage short breaks and weekend travel opportunities to launch special offers targeting the young segment and tie in with the HKTb's mega events such as the "Hong Kong Arts Month" and the "Wine and Dine Festival"; and - Collaborate with the travel trade and related industries to launch special offers targeting the family segment, in promotion of family travels. <p><u>Guangdong Province</u></p> <ul style="list-style-type: none"> - Cruise promotion is a key focus; - Collaborate with online travel portals and travel agents to promote XRL and Hong Kong-Zhuhai-Macao Bridge related travel products; - Leverage short breaks and weekend travel opportunities to launch special offers targeting the young segment, which is to tie in with the HKTb's mega events such as the "Hong Kong Arts Month" and the "Wine and Dine Festival"; - Collaborate with the travel trade and related industries to launch special offers targeting the family segment, in promotion of family travels; and - Promote Hong Kong's MICE appeals and competitive advantage to event organisers and large corporations. 	Non-Guangdong: 3.8 Guangdong province: 7.6	Non-Guangdong: 6.6 Guangdong province: 13.1

Region	Promotion item	2018-19 Proposed Budget (million\$)	2017-18 Revised Budget (million\$)
Central & Western- China Region	<ul style="list-style-type: none"> - Collaborate with online travel portals and travel agents to promote Express Rail Link (XRL) and Hong Kong-Zhuhai-Macao Bridge related travel products; - Promote mega events through the media and online platforms, leverage short breaks and family travel opportunities to launch special offers targeting the young and family segments, which is to tie in with mega events such as “Hong Kong Wine and Dine Festival” and “Hong Kong Winterfest”; - Collaborate with cruise lines and travel agents to launch “Rail Cruise” and “Fly Cruise” travel products; and - Promote Hong Kong’s MICE appeals and competitive advantage to event organisers and large corporations. 	8.7	16.4
Eastern- China Region	<ul style="list-style-type: none"> - Collaborate with the media and online platforms to enhance Hong Kong’s appeal in sports, art & culture and entertainment aspects, so as to showcase the diverse tourism appeal of Hong Kong; - Leverage short breaks, weekend and family travel opportunities, collaborate with airlines, travel portals and travel agents to launch special offers targeting the young and family segments, riding on mega events such as the “Hong Kong Arts Month” and “Hong Kong Wine and Dine Festival”; and - Promote Hong Kong’s MICE appeals and competitive advantage to event organisers and large corporations. 	6.5	9.8

Region	Promotion item	2018-19 Proposed Budget (million\$)	2017-18 Revised Budget (million\$)
Northern- China Region	<ul style="list-style-type: none"> - Collaborate with the media and online portals to enhance Hong Kong's appeal; - Leverage short breaks, weekend and family travel opportunities, collaborate with airlines, travel portals and travel agents to launch special offers targeting the young and family segments, riding on mega events such as the "Hong Kong Arts Month" and "Hong Kong Wine and Dine Festival"; and - Promote Hong Kong's MICE appeals and competitive advantage to event organisers and large corporations. 	11.4	19.7

Remark: Percentage values of individual items may slightly differ due to rounding

While the revised budget for promoting source markets in 2017-18 has already included additional funding allocated to the HKTb by the Government in the Policy Address and Budget for the year, the 2018-19 promotion budget has not included the additional funding of \$226 million allocated to the HKTb by the Government. It is therefore not appropriate to compare the budget of the two years directly.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)134

(Question Serial No. 2318)

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 Budget mentions the promotion of the development of e-sports. Regarding the e-Sports & Music Festival, please provide the following information:

- (1) the total expenditure and a breakdown of the expenditure (including that on promotion and publicity) of the Festival, the projected and actual attendance figures of the events of the Festival, and the number of reports on the Festival in local and international media coverage;
- (2) the projected and actual numbers of viewers watching the 3 rounds of competition through global real-time webcasting, and the projected and actual attendance rates;
- (3) the Government's evaluation of the efficacy and cost-effectiveness of the Festival, and whether the Government will consider organising the Festival for a second time; and if yes, whether it will consider inviting fewer foreign contestants for performance and focusing on local contestants instead; and
- (4) the estimated expenditure, manpower and resources for the promotion and publicity of e-sports in 2018-19.

Asked by: Hon MOK Charles Peter (Member Question No. (LegCo use): 64)

Reply:

- (1) To attract young visitors and strengthen Hong Kong's position as the events capital of Asia, the Hong Kong Tourism Board (HKTb) organised the first e-Sports & Music Festival Hong Kong at the Hong Kong Coliseum in August 2017. The event included elements of e-Sports, music and gourmet and was one of the events commemorating the 20th anniversary of the establishment of the Hong Kong Special Administrative Region.

The 3-day event attracted an attendance of about 60 000 persons, which was higher than the HKTb's expected target at about 50 000 persons. The event had been reported by local, the Mainland and overseas media and generated global publicity value of \$150 million.

The overall expenditure for organising and marketing the e-Sports & Music Festival Hong Kong was around \$58 million, with funding support from the Government, sponsorship as well as revenue from ticket and merchandise sales of e-Sports related products and food and beverage.

- (2) In last year's event, three e-Sports tournaments were organised which attracted about 7.4 million online viewers through global real-time live broadcasts, as well as 80% total attendance rate for the e-Sports tournaments and music concert, which was similar to what the HKTb expected.
- (3) Through the wide publicity by international, digital and social media, the e-Sports & Music Festival Hong Kong has enhanced Hong Kong's international exposure and strengthened our position as the events capital of Asia. While the actual benefit generated by the event might be difficult to quantify, the event has generated effect to increase the attractiveness of Hong Kong to visitors.

In 2018-19, the HKTb will continue to organise a similar event based on the 2017 e-Sports & Music Festival Hong Kong. Details and scale of the event are still under planning which HKTb will announce later.

- (4) On overall promotion and publicity of the e-sports industry, this year's Budget announced that the Government would allocate \$100 million to Cyberport to promote e-sports through developing the Cyberport Arcade into an e-sports and digital entertainment node, as well as supporting the sector in areas of technological development and talent nurturing. Cyberport is responsible for the implementation of the relevant measures and no Government manpower resources are involved.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)135

(Question Serial No. 5755)

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 an additional funding of \$30 million will be allocated to the Travel Industry Council of Hong Kong for enhancing the Pilot Information Technology Development Matching Fund Scheme for Travel Agents (the Scheme). The Scheme subsidises small and medium-sized travel agents to expand their businesses through the use of information technology. Please advise on:

- (1) the names of the travel agents that have applied for the Fund and the amount of subsidies; the number of applications and that of approved ones, as well as the average and total amount of subsidies granted since the launch of the Scheme?
- (2) the number of unsuccessful applications broken down by reasons and the success rate;
- (3) the average number of working days needed from submission to obtaining approval for application since the launch of the Scheme;
- (4) how will the Government assess the operational effectiveness of the dedicated fund;
- (5) whether applications involving technologies other than the common cases of technologies listed in the application guideline of the Scheme have been approved under the Fund and what were the technologies involved in unsuccessful applications;
- (6) the specific work details of the Scheme as well as the manpower and resources involved;
- (7) the amount of the Fund leftover.

Asked by: Hon MOK Charles Peter (Member Question No. (LegCo use): 136)

Reply:

- (1) and (7) The Government allocated \$10 million in 2016-17 to launch the Pilot Information Technology Development Matching Fund Scheme for Travel Agents, through the Travel Industry Council of Hong Kong (TIC), to subsidise small and medium-sized travel agents, on a matching basis, to make use of information technology so as to enhance the competitiveness of the industry. Since the launch of the Scheme, applications from 119 travel agents have been received, among which 114 applications were approved with an approval rate of about 96%, involving about \$10 million. The average amount of approved funding per application is about \$90,000.
- (2) Of the 5 unsuccessful cases, 3 cases involved the funding criteria not met by the projects and the other 2 cases involved a lack of budget details or other supporting information.
- (3) The Scheme is open for applications every 4 months, with each application period lasting for 2 months. It takes around 38 working days on average to vet and approve the applications from the application closing date.
- (4) and (6) TIC has submitted reports on the implementation of the Scheme to the Government, and considered that the Scheme is effective in enhancing the competitiveness of the industry. In view of the positive feedback of the trade, the Government has allocated an additional funding of \$30 million in 2018-19 to TIC for enhancing the Scheme, so as to encourage more small and medium-sized travel agents to make use of information technology, including elevating service quality, strengthening information system security, improving crowd management of inbound tour groups, etc. The Tourism Commission (TC) under the Commerce, Industry and Tourism Branch (CITB) of the Commerce and Economic Development Bureau will start preparations with TIC, including considering expansion of the funding scope to cover hardware and subscription-based technological services or solutions, and formulating other details.
- The expenditure on the above work undertaken by TC has been subsumed into the provision for 2018-19 for CITB. It is difficult to quantify such expenditure separately.
- (5) The approved applications may involve more than one item of technology. Apart from the examples in the application guide of the Scheme, they also involve other items of technology. As for the unsuccessful applications, the items of technology involved include setting up travel agent management systems and mobile applications, as well as posting advertisements on online platforms.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)136

(Question Serial No. 5756)

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 in the Budget Speech that the Government will inject \$1.5 billion into the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) and extend the geographical scope of the Enterprise Support Programme under the BUD Fund from the Mainland to include the ASEAN countries. The respective cumulative funding ceiling for projects in the Mainland and the ASEAN region will be \$1 million. Moreover, it is stated in the Estimates that the application period of the BUD Fund has been extended to assist Hong Kong enterprises in enhancing their competitiveness and exploring the Mainland market. Will the Government inform this Committee of the following:

- (1) the number of applications received and approved, as well as the average and total amount of funding approved under the Bud Fund in the past 3 years, broken down by the major business of the applicant enterprise and category of the product/service/project applying for funding support; and the market the applicant enterprises seek to develop, with a breakdown in both figures and percentages;
- (2) the number of applications rejected with a breakdown by reason, and the successful rate of application in the past 3 years;
- (3) the average number of working days required from submission of an application to approval of the application in the past 3 years (applications submitted through ESP Easy not included);
- (4) the average number of working days required from submission of an application through ESP Easy to approval of the application since the introduction of ESP Easy;
- (5) how does the Government assess the operational effectiveness of the BUD Fund and handle the problem of overly high costs;
- (6) the balance of the BUD Fund.

Asked by: Hon MOK Charles Peter (Member Question No. (LegCo use): 137)

Reply:

The statistics on the Enterprise Support Programme (ESP) of the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) in the past three years are as follows:

	2015	2016	2017
Number of applications received*	404	625	578
Number of applications approved	129	390	347
Number of applications rejected	67	117	84
Amount of grants approved (\$ million)	54.3	103.7	125
Average amount of grants (\$ million)	0.421	0.266	0.360
Success rate**	65.8%	76.9%	80.5%
Major beneficiary sectors (listed according to the number of applications approved)	1. wholesale and retail 2. import and export trade 3. textile and clothing	1. wholesale and retail 2. import and export trade 3. textile and clothing/electronics	1. wholesale and retail 2. import and export trade 3. textile and clothing

* Applications received in a year may not be processed in the same year.

** Success rate is the percentage of applications approved over the sum of applications approved and rejected in the same year.

Applicant enterprises mainly targeted to develop business in the whole Mainland market or major Mainland cities such as Beijing, Shanghai, Guangzhou, Xiamen, Chongqing and Zhengzhou through the approved projects.

The main reasons for rejection of ESP applications included the applicant could not justify how the proposed activities assist in its business development in the Mainland, the applicant enterprises could not demonstrate clearly their capability in implementing the projects or did not meet the eligibility requirements, and the implementation of the projects lacked concrete details etc. The Secretariat of ESP would inform the applicant enterprises concerned of the reasons for rejection, and remind them of the areas which require attention or improvement if they apply again.

To ensure service performance, since 2017, we have included target on the time required for processing ESP applications in the Controlling Officers' Report. Since the setting of performance targets, all ESP applications could be passed to the Project Management Committee for consideration within 60 working days after the application deadline at the end of each quarter.

The current commitment for the BUD Fund is \$1 billion. Up to the end of February 2018, the utilisation rate of the BUD Fund was about 74% with an uncommitted balance of about \$260 million.

The Trade and Industry Department all along closely monitors the usage of the BUD Fund, including the fees provided to the Hong Kong Productivity Council for implementing the ESP, and reviews from time to time its operation.

Up to the end of February 2018, 489 ESP projects have been completed. According to the survey results as at end of December 2017, about 98% of the enterprises that have completed their ESP-funded projects considered the ESP effective in assisting their business development. Enterprises also generally considered that the projects had helped enhance the awareness of their brand, improve product quality, develop new products, enlarge domestic sales network, enhance the overall competitiveness of enterprises, increase 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.

The 2018-19 Budget proposes to inject \$1.5 billion into the BUD Fund to increase the cumulative funding ceiling for individual enterprises under the ESP for undertaking projects in the Mainland from \$500,000 to \$1 million; and to extend the geographical scope of the ESP to include the ASEAN markets. The cumulative funding ceiling for individual enterprises undertaking projects in ASEAN markets will also be \$1 million.

We conducted a briefing on 5 March 2018 to brief the trade, including members of Trade and Industry Advisory Board, Small and Medium Enterprises Committee, representatives of local major trade and industrial organisations, SME associations, professional bodies and trade associations, on the proposed enhancement measures. The trade supported our proposals in general. We have consulted the Legislative Council Panel on Commerce and Industry on the proposals and will seek funding approval of the Finance Committee.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)137

(Question Serial No. 5757)

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 in the Budget Speech that the Government will inject \$1 billion into the SME Export Marketing and Development Funds as well as increase the cumulative funding ceiling for enterprises under the SME Export Marketing Fund from \$200,000 to \$400,000 and remove the existing condition on the use of the last \$50,000 of grants. Will the Government inform this Committee of the following:

- (1) the number of applications received and approved, as well as the average and total amount of funding approved under the SME Export Marketing Fund and the SME Development Fund in the past 3 years, broken down by the major business of the applicant enterprise and category of the product/service/project applying for funding support;
- (2) the number of applications rejected with a breakdown by reason, and the successful rate of application in the past 3 years;
- (3) the respective average number of working days required from submission of an application to approval of the application under the two Funds in the past 3 years;
- (4) how does the Government assess the operational effectiveness of the Funds;
- (5) the balances of the Funds.

Asked by: Hon MOK Charles Peter (Member Question No. (LegCo use): 138)

Reply:

The statistics on the SME Export Marketing Fund (EMF) and the SME Development Fund (SDF) for the past three years are as follows:

EMF

	2015	2016	2017
Number of applications received*	14 425	11 387	10 895
Number of applications approved	12 184	9 614	8 532
Number of applications rejected	3 206	2 740	2 272
Amount of grants approved (\$ million)	205.0	158.4	135.4
Average amount of grants	\$16,814	\$16,479	\$15,873
Success Rate**	79.2%	77.8%	79.0%
Major beneficiary sectors (listed according to the number of applications approved)	1. Import and Export Trade 2. Wholesale and Retail 3. Textile and Clothing	1. Import and Export Trade 2. Wholesale and Retail 3. Electronics	1. Import and Export Trade 2. Wholesale and Retail 3. Textile and Clothing

* Applications received in a year may not be processed in the same year.

** Success rate is the percentage of applications approved over the sum of applications approved and rejected in the same year.

For the EMF, the main reasons for rejection included activities participated by applicant enterprises did not relate to the funding scope, export promotion activities did not meet the condition on the use of the last \$50,000 of grants, and failure to provide sufficient information and supporting documents for vetting etc.

SDF

	2015	2016	2017
Number of applications received*	41	34	36
Number of applications approved	15	15	13
Number of applications rejected	16	17	9
Amount of grants approved (\$ million)	20.6	28.6	23.4
Average amount of grants (\$ million)	1.4	1.9	1.8
Success Rate**	48%	47%	59%
Major beneficiary sectors (listed according to the number of applications approved)	1. Electronics 2. Wholesale and Retail 3. Printing and Publishing	1. Footwear 2. Textile and Clothing 3. SMEs in general	1. SMEs in general 2. Textile and Clothing 3. Chinese Medicine

* Applications received in a year may not be processed in the same year.

** Success rate is the percentage of applications approved over the sum of applications approved and rejected in the same year.

For the SDF, the main reasons for rejection included failure to demonstrate that the proposed projects could enhance competitiveness of SMEs, the project proposal was not clear or the implementation plan lacked concrete details, and the proposed budget was not cost effective etc.

SME Export Marketing and Development Funds

The current total commitment for the SME Export Marketing and Development Funds is \$5.25 billion. As at February 2018, 74% of this commitment has been utilized, uncommitted balance is at around \$1.35 billion.

Since its launch in 2001 and up to end February 2018, over 215 000 applications were approved under the EMF, involving a total grant amount of almost \$3.3 billion and benefiting around 47 000 SMEs with over 310 000 employees. For the SDF, 284 applications involving a total grant amount of about \$346 million were approved in the same period, benefiting a wide range of sectors and enterprises.

To ensure service performance, we have included targets, including on the time required for processing applications for grant, in the Controlling Officers' Report. In the past three years, all the EMF applications could be processed within 30 working days. For the SDF, in the past three years, all applications could be passed to the Vetting Committee for consideration within 60 working days after the application deadline at the end of each quarter.

The Trade and Industry Department has all along closely monitored the usage of the various funding schemes, and reviews from time to time their operation.

The 2018-19 Budget proposes to inject \$1 billion into the SME Export Marketing and Development Funds and introduce enhancement measures to strengthen the support for SMEs. We propose to increase the cumulative funding ceiling under the EMF for individual SMEs from \$200,000 currently to \$400,000, increase the maximum grant for each application from \$50,000 to \$100,000 and remove the existing condition on the use of the last \$50,000 of grants to fully support SMEs in exploring new markets and new business opportunities.

We conducted a briefing on 5 March 2018 to brief the trade, including members of Trade and Industry Advisory Board, Small and Medium Enterprises Committee, representatives of local major trade and industrial organisations, SME associations, professional bodies and trade associations, on the proposed enhancement measures. The trade supported our proposals in general. We have consulted the Legislative Council Panel on Commerce and Industry on the proposals and will seek funding approval of the Finance Committee.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)138

(Question Serial No. 0675)

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 2018-19, 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 are the details of reviewing the schemes as well as the respective estimated expenditure and staff establishment involved? If no, what are the reasons?

Asked by: Hon NG Wing-ka, Jimmy (Member Question No. (LegCo use): 66)

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 overseen by the Commerce, Industry and Tourism Branch to support SMEs in 2017-18 and 2018-19 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 five times to the end of February 2018. To further relieve the burden of borrowers, the Government has reduced the annual guarantee fee rate for the measures by 10% and removed the minimum guarantee fee

rate for the measures starting from 1 June 2016. As at the end of February 2018, the HKMC has received over 14 700 applications and approved over 13 100 of them, involving a total loan amount of about \$52.3 billion and a total guarantee amount of about \$41.8 billion, and benefiting more than 7 700 local enterprises of various industries (including more than 7 100 SMEs) with more than 196 000 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 2019, as announced in the 2018-19 Budget.

- (2) The Trade and Industry Department (TID) administers three 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), which help SMEs secure loans, expand markets outside Hong Kong and enhance overall competitiveness. The implementation progress of the SGS, EMF and SDF in 2017 was as follows:

	Number of applications approved	Number of SME beneficiaries	Amount of guarantees/grants approved by the Government (\$ million)
SGS	744	709	1,034.7
EMF	8 532	5 444	135.4
SDF	13	Not applicable ^{Note 1}	23.4

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 details of individual projects, and is difficult to estimate accurately.

In 2018-19, TID will continue to assist enterprises in obtaining finance, exploring markets and enhancing their overall competitiveness through the above schemes. With regard to the EMF and the SDF, the estimated expenditure of 2018-19 is \$168 million. With regard to the SGS, the Government provides loan guarantee to SMEs under the scheme to help them secure loans from the participating lending institutions. The guarantee approved by the Government is not a grant, and is thus not an expenditure. We estimate that the amount of guarantee approved by the Scheme in 2018-19 will be about \$1 billion.

The 2018-19 Budget proposes to inject \$1 billion into the SME Export Marketing and Development Funds and introduce enhancement measures to strengthen the support for SMEs. We propose to increase the cumulative funding ceiling under EMF for individual SMEs from \$200,000 currently to \$400,000, increase the maximum grant for each application from \$50,000 to \$100,000 and remove the existing condition on the use of the last \$50,000 of grants to fully support SMEs in exploring new markets and new business opportunities.

We conducted a briefing on 5 March 2018 to brief the trade, including members of Trade and Industry Advisory Board, Small and Medium Enterprises Committee,

representatives of local major trade and industrial organisations, SME associations, professional bodies and trade associations, on the proposed enhancement measures. The trade supported our proposals in general. We have consulted the Legislative Council Panel on Commerce and Industry on the proposals and will seek funding approval of the Finance Committee.

We expect that the number of applications and amount of approved grants for the various funds will increase after the enhancement measures are implemented.

- (3) On the intellectual property (IP) front, the Intellectual Property Department (IPD) will continue to run the “IP Manager Scheme” (Scheme) and the free “IP Consultation Service” in 2018-19 to help SMEs build up their manpower capacity in IP management and commercialisation. Since the launch of the IP Manager Scheme in May 2015, IPD organised six rounds of IP Manager Training Programme and ten practical workshops under the Scheme, over 1 100 and 330 participants coming from over 720 SMEs attending the events respectively. Since the launch of the free “IP Consultation Service” in 2014, IPD has completed over 240 consultations by February 2018.

Since October 2015, IPD has been sponsoring professional bodies in conducting various training courses on IP related subjects to assist SMEs in managing IP assets and conducting IP commercialisation. Topics covered include patent search, trade mark search, practical skills in handling patent matters, preparation for the National Qualification Examination for Patent Agents, and IP valuation. Over 260 persons have participated in various trainings so far.

- (4) 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. In 2017, the Enterprise Support Programme (ESP) and Organisation Support Programme (OSP) of the BUD Fund have processed 431 and 21 applications (excluding all withdrawn applications) respectively. Among which, 347 and 12 applications were approved under the ESP and OSP respectively. The total amount of funding approved were \$125 million and \$34 million respectively. The estimated overall expenditure of the BUD Fund for 2018-19 is \$121 million.

The 2018-19 Budget proposes to inject \$1.5 billion into the BUD Fund for increasing the cumulative funding ceiling under the ESP for individual enterprises undertaking projects in the Mainland from \$500,000 to \$1 million; and to extend the geographical scope of the ESP to include the ASEAN markets. The cumulative funding ceiling for individual enterprises undertaking projects in ASEAN markets will also be \$1 million.

We expect that the number of applications and amount of approved grants for the various funds will increase after the enhancement measures are implemented.

- (5) In the past few years, the Hong Kong Trade Development Council (TDC) strived to help Hong Kong companies tap e-commerce and e-tailing opportunities, including: launching *HKTDC Marketplace* app to provide one-stop information; launching

hktdc.com Small Orders to seamlessly connect buyers and suppliers and collaborating with a number of speed delivery organisations to offer discounts to suppliers selling via the platform; collaborating with a number of e-tailers to set up online Design Gallery shops or pages on various online platforms to promote Hong Kong brands. To help Hong Kong companies capitalise on opportunities arising from new retail and consumption trends, TDC will step up its collaboration with renowned e-tailers to help Hong Kong companies tap into the fast-growing global e-tailing markets, particularly ASEAN and other emerging markets. TDC will connect Hong Kong brands to e-tailers through customised business matching and networking programmes, and set up Hong Kong zones in leading regional e-tailing platforms for Hong Kong brand products.

In addition, the Budget proposes that in the five financial years from 2018-19, a total of \$250 million additional funding (i.e. \$50 million in each financial year) will be provided to TDC for assisting local enterprises (in particular small and medium enterprises) in seizing opportunities arising from the Belt and Road Initiative and the development of the Guangdong-Hong Kong-Macao Bay Area, promoting the development of e-commerce, and enhancing Hong Kong's role as a premier international convention, exhibition and sourcing centre.

- (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 mid-February 2018, 302 applications were approved (including more than 90% from SMEs) and the funding approved for these projects amounted to around \$11.1 million in total.
- (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. Since 1 March 2016, ECIC has provided permanent waiver of the annual policy fee of \$1,000 and premium discount of 20% for all SBPs with a view to assisting SMEs in reducing operating cost. From the launch of the scheme to 28 February 2018, ECIC issued over 2 200 SBPs. Furthermore, ECIC has introduced the "Fixed Amount Cover Endorsement" under the SBP scheme on a pilot basis for one year starting from 1 September 2017, providing SME policyholders options for insurance cover. As ECIC is a self-financing organisation, the Government does not have expenditure estimate for expenditure borne by ECIC on providing export credit insurance to small and medium enterprises, including SBPs.

As at 31 March 2017, the capital and reserves of ECIC stood at \$2.264 billion. The cap on ECIC's contingent liability under contracts of insurance was increased from \$40 billion to \$55 billion in June 2017. ECIC estimates that the new cap on contingent liability would be sufficient to meet the forecast growth of its insured business over the next few years.

- End -

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0676)

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 2018-19, the Commerce, Industry and Tourism Branch will have discussions with major trading partners like the Mainland, Taiwan, and ASEAN on enhancing economic co-operation, and 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. Will the Government please advise this Committee of the total expenditure involved in the relevant work in the past 5 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 NG Wing-ka, Jimmy (Member Question No. (LegCo use): 68)

Reply:

The total actual expenditures of Invest Hong Kong ("InvestHK") on investment promotion work in the Mainland, Taiwan and the Association of Southeast Asian Nations ("ASEAN") in 2013-14 to 2016-17 were about \$31 million, and the estimated actual expenditure in 2017-18 is \$7.4 million. The figures do not include staff cost or general marketing and promotion expenses which cannot be separately quantified.

The number of completed investment projects is a key performance indicator for InvestHK to assess the effectiveness of its investment promotion work. In the past five years (2013-2017), InvestHK's efforts generated a total of 392, 57 and 79 completed projects from the Mainland, Taiwan and ASEAN respectively, accounting for about 28% for the Department's total. The breakdown is as follows –

Year	Number of investment projects completed ^{Note}					
	2013	2014	2015	2016	2017	Total
Mainland	71	75	78	82	86	392
Taiwan	7	8	11	18	13	57
ASEAN	8	15	14	19	23	79

Note: Investment projects each resulting in an overseas, Mainland or Taiwan company setting up or undergoing a significant expansion in Hong Kong with the assistance of InvestHK. The figures do not include companies set up in Hong Kong without such assistance.

The Mainland, which is the engine of global economic growth, is a key market of InvestHK to attract investment. InvestHK will step up its promotion efforts in attracting more Mainland companies to invest in Hong Kong as well as promoting Hong Kong's role as an ideal platform for Mainland companies to "go global". These investment promotion efforts include organising investment promotion seminars in various Mainland cities, and strengthening InvestHK's digital marketing and social media strategy for the Mainland market.

InvestHK also plans to conduct a series of investment promotion events in target markets including Southeast Asia, India and the Middle East to underline Hong Kong's business advantages and to attract more companies to set up businesses in Hong Kong. InvestHK will also maintain liaison with consulates and chambers of commerce to connect with those overseas companies that have set up in Hong Kong to facilitate their business expansion.

The estimated expenditure of InvestHK on investment promotion work in 2018-19 is about \$41 million. The figure does not include staff cost and administrative overhead expenses which cannot be separately quantified.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)140

(Question Serial No. 0677)

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 2018-19, 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 and manpower involved in enhancing publicity and promotional activities next year by region along the Belt and Road.

Asked by: Hon NG Wing-ka, Jimmy (Member Question No. (LegCo use): 71)

Reply:

In the past three years, the Hong Kong Trade Development Council (TDC) organised a variety of activities to help Hong Kong companies tap business opportunities under the Belt and Road Initiative. Among them, the Government and TDC organised the Belt and Road Summit consecutively in 2016 and 2017. The second Summit held last year attracted over 3 000 distinguished government officials and business leaders from 51 countries and regions, with over 170 investment projects featured and over 210 one-to-one business matching meetings arranged. To help consolidate Hong Kong's market status and its role as the commercial hub for the Belt and Road Initiative, TDC set up the Belt and Road Committee late last year. Through its five working groups targeted at different markets and business sectors, the Committee implemented a comprehensive programme for facilitating the participation of various sectors in Belt and Road development so that they could share the potential benefits brought about by the Initiative. TDC also promoted sectoral opportunities under the Belt and Road Initiative in other large-scale events; organised outbound missions to countries along the Belt and Road to help Hong Kong companies seize business opportunities; and strengthened the content and services of the

Belt and Road Portal, including providing actual case references on services that can be provided by Hong Kong companies in countries along the Belt and Road, as well as expanding the database of Hong Kong service providers by adding content on key industry players in risk management, environmental and related technology sectors.

In 2018-19, TDC plans to set up consultant offices in Kazakhstan, Kenya and Saudi Arabia, as well as Hong Kong business associations in Brunei, Chile, Korea and Myanmar. In addition, TDC will establish a Belt and Road Global Forum to connect local, Mainland and international organisations and associations to enable them to tap the business opportunities arising from the Belt and Road Initiative through Hong Kong.

The Government and TDC will organise the third Belt and Road Summit on 28 June 2018. The Summit will target at the professional needs of potential investors and focus on the promotion of Hong Kong's strengths in infrastructure financing, risk management, dispute resolution, etc. The duration of the one-to-one business matching session will also be extended from half day to full day. In addition, TDC will also continue to organise outbound missions for finance, infrastructure and professional services sectors to countries along Belt and Road, including ASEAN countries such as Cambodia, Indonesia, the Philippines, and Vietnam.

To strengthen market research and information, TDC will publish market research reports such as *Doing Business in India*, *Infrastructure Opportunities in Russia and Belarus*, etc, and launch a new e-newsletter featuring the latest Belt and Road intelligence and investment opportunities to help businesses grasp new market intelligence.

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

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)141

(Question Serial No. 0678)

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 paragraph 110 of the Budget Speech that the Government will, in the five financial years from 2018-19, provide a total of \$250 million additional funding to the Hong Kong Trade Development Council (TDC) for assisting local enterprises (small and medium enterprises in particular) in seizing opportunities arising from the Belt and Road Initiative and the Bay Area development, promoting the development of e-commerce, and enhancing Hong Kong's role as a premier international convention, exhibition and sourcing centre.

Would the Government inform this Committee of:

- 1) the annual provisions earmarked and allocated for carrying out the aforesaid work in the next five years?
- 2) the number of staff deployed by the TDC for implementing such work and whether the TDC will co-operate with the Belt and Road Office and the Infrastructure Financing Facilitation Office in relation to such work? If yes, what are the details? If not, what are the reasons?

Asked by: Hon NG Wing-ka, Jimmy (Member Question No. (LegCo use): 72)

Reply:

The Budget proposes that in the five financial years from 2018-19, a total of \$250 million additional funding (i.e. \$50 million in each financial year) will be provided to the Hong Kong Trade Development Council (TDC) for assisting local enterprises (in particular small and medium enterprises) in seizing opportunities arising from the Belt and Road Initiative and the development of the Guangdong-Hong Kong-Macao Bay Area, promoting the development of e-commerce, and enhancing Hong Kong's role as a premier international convention, exhibition and sourcing centre. The additional funding is included in the

Government subvention to TDC in 2018-19. The tasks associated with the additional funding will be incorporated in TDC's annual work plan for 2018-19. We do not have a breakdown of TDC's staff establishment and expenditure for individual items.

TDC will continue to collaborate closely with the Belt and Road Office of the Commerce and Economic Development Bureau, Infrastructure Financing Facilitation Office of the Hong Kong Monetary Authority, etc., including co-organising promotional activities and business missions, etc., to help Hong Kong companies explore new markets and new business opportunities.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)142

(Question Serial No. 0679)

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:

An additional \$226 million has been earmarked in the Budget for the Hong Kong Tourism Board ("HKTB") to implement the Development Blueprint for Hong Kong's Tourism Industry ("Development Blueprint") released by the Tourism Commission last year. Under the Development Blueprint, support will be provided to the trade in exploring tourism business opportunities arising from the Belt and Road Initiative and the development of the Bay Area, and a related tourism forum with business matching conference for the travel trade will be organised.

Please advise, among the HKTB's 21 worldwide offices, how many of them are situated in the Belt and Road countries? Are there plans to set up more offices to support promotion of Belt and Road tourism? If yes, what are the details? If not, what are the reasons?

Please tabulate the Belt and Road countries and Big Bay cities where tourism promotion programmes had been launched in the past 3 years, are being launched and plan to be launched in 2018-19; and list in detail the manpower and expenditure involved in each of the tourism promotion programmes in the Belt and Road countries and Big Bay cities.

Asked by: Hon NG Wing-ka, Jimmy (Member Question No. (LegCo use): 93)

Reply:

The Hong Kong Tourism Board (HKTB) has offices or representatives in various countries/regions along the Belt and Road to support its promotions. These countries/regions include the Mainland, Indonesia, Malaysia, the Philippines, Singapore, Thailand, India, Russia and United Arab Emirates.

The tourism industry may leverage the opportunities brought by the Belt and Road Initiative to enhance cooperation with countries/regions along the Belt and Road, and jointly develop multi-destination tourism products with them. The HKTb will also closely keep track of market situations, and review promotion items and their priorities on a regular basis so as to step up promotions in each key market appropriately. It will also review whether there is a need to establish new offices or send representatives to attract more visitors to Hong Kong.

The HKTb has proactively collaborated with cities in the Bay Area and countries/regions along the Belt and Road to promote multi-destination itineraries in overseas source markets. In the past three years (from 2015 to 2017), the HKTb proactively engaged in joint promotions of multi-destination itineraries and carried out over 75 relevant projects. These projects include collaborating with the Guangdong Provincial Tourism Administration, the Culture, Sports and Tourism Administration of Shenzhen Municipality, Zhuhai Culture & Sports Tourism Bureau, Zhongshan Tourism Bureau, Macao Government Tourism Office (MGTO) and the Tourism Authority of Thailand to hold trade promotion events, field trips, exhibitions and road shows, and to place advertisements, in various long- and short-haul markets such as Singapore, Malaysia, Indonesia, Thailand, Japan, Korea, India, Russia, the United Kingdom, France, Germany, the United States, Canada, Australia and New Zealand, to promote multi-destination itineraries and products that feature Hong Kong.

In addition, the HKTb held the Guangdong-Hong Kong-Macao Bay Area Travel Trade Cooperation Summit on 21 December 2017, which was attended by the China National Tourism Administration, government organisations and tourism associations of Bay Area cities, as well as trade leaders and representatives. The “Guangdong-Hong Kong-Macao Bay Area Travel Trade Cooperation Agreement” was signed by 11 representatives of tourism associations in the Bay Area at the event to drive tourism development in the region and promote the concept of multi-destination tourism.

Upon the upcoming commissioning of various major infrastructure projects including the Hong Kong-Zhuhai-Macao Bridge (HZMB) and the Guangzhou-Shenzhen-Hong Kong Express Rail Link (Hong Kong Section) (XRL), land transportation connecting between Hong Kong and cities in the Bay Area will be greatly enhanced, establishing a “one-hour living circle” in the region. The convenient transportation would be beneficial to Hong Kong in jointly developing a more diverse range of associated travel products with the travel trades of Macao and the Mainland, hence attracting more visitors to travel to the region on a multi-destination basis. Please refer to the following table for a list of promotional initiatives that the HKTb plans to implement in 2018-19.

Date	Promotional Initiatives
April	The Guangdong, Hong Kong & Macao Tourism Marketing Organisation plans to set up a joint promotion booth at the Macao International Travel (Industry) Expo to disseminate tourism information of the Bay Area.
April - September	The HKTb plans to jointly promote Hong Kong-Thailand multi-destination products with fashion magazines and online travel agents in Canada.
June - July	The HKTb plans to work with Cathay Pacific Airways and Hong Kong Airlines to offer trade visits in Toronto and Vancouver respectively with key local travel agents, to promote Hong Kong-Vietnam multi-destination products.

Date	Promotional Initiatives
June	The Guangdong, Hong Kong & Macao Tourism Marketing Organisation plans to set up a joint promotion booth at the International Travel Expo Hong Kong to disseminate tourism information of the Bay Area to local trade and consumers.
July - October	The HKTb plans to work with two U.S. travel agents to first hold online seminars to introduce Hong Kong-Vietnam multi-destination products to the local trade, and then to local consumers.
September	The Guangdong, Hong Kong & Macao Tourism Marketing Organisation plans to set up a joint promotion booth at the China (Guangdong) International Tourism Industry Expo to disseminate tourism information of the Bay Area.
September	The Guangdong, Hong Kong & Macao Tourism Marketing Organisation plans to hold Bay Area tourism promotion events during the course of the Pan-Pearl River Delta Regional Cooperation Chief Executive Joint Conference.
October - December	The HKTb plans to work with Vietnam Airlines to leverage the capacity of flights between Vietnam and Moscow, as well as between Vietnam and Hong Kong, to launch Hong Kong-Vietnam multi-destination products in the Russian market.
November	The Guangdong, Hong Kong & Macao Tourism Marketing Organisation plans to step up promotions in its key market Japan to promote multi-destination travel, with the participation of key officials from cities of the Bay Area.
To be confirmed	The HKTb plans to join hands with tourism authorities of the Guangdong Province and Macao to capitalise on the “Guangdong, Hong Kong & Macao Tourism Marketing Organisation” platform to produce gourmet-themed TV programmes hosted by celebrity foodies. These programmes will be broadcast via TV networks and video streaming platforms in the Mainland, Southeast Asia and long-haul markets, promoting tourism features of the three places and encouraging visitors to travel to Hong Kong and the Bay Area on a multi-destination basis. Special packages and consumer promotions will also be launched in the central and western regions of the Mainland to boost promotional efforts.
To be confirmed	The HKTb plans to collaborate with MGTO on producing TV programmes to showcase tourism features in the Bay Area as well as the convenience brought by the HZMB, to attract mainstream visitors from long-haul markets.

Since the aforementioned promotions were jointly executed by the HKTb’s head and worldwide offices, and have been subsumed into various promotion programmes of the HKTb, it is difficult to break down and quantify the relevant expenditure items.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)143

(Question Serial No. 0690)

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

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

Programme: (2) Commerce and Industry; (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:

Under Programmes (2), (6) and (7), the Administration highlighted the efforts to consolidate the convention and exhibition industry and promote MICE tourism. Among them, in 2018-19, the Hong Kong Tourism Board (HKTb) will partner with association management companies and business associations to secure more high-profile MICE events to Hong Kong; cultivate the growth of small and medium-sized MICE groups; and entice more MICE organisers to host their events in Hong Kong. In this connection, please advise this Committee of:

- 1) As regards planning for development of new exhibition venues, what are the specific work plans involved, including location selection, ancillary transport facilities, date of completion; and what are the manpower and expenditure involved for achieving the work plan?
- 2) As the Hong Kong Convention and Exhibition Centre (HKCEC) in Wan Chai can no longer cope with the rising demand, has the Administration considered optimising the use of AsiaWorld-Expo (AWE) on Lantau Island and fostering synergy between HKCEC and AWE while working on the expansion of AWE?
- 3) An annual Hong Kong Brands and Products Expo is held by a well-established business associations in Hong Kong, which ties in well with the objective of the Administration to promote MICE tourism. Besides, the trade has proposed to set up a Hong Kong Branding Industries Park on Lantau Island to promote MICE tourism. In this regard, will the Administration initiate contact with the business associations and facilitate the realisation of the proposal? If yes, what are the details? If not, what are the reasons?

Asked by: Hon NG Wing-ka, Jimmy (Member Question No. (LegCo use): 112)

Reply:

(1) In the Policy Address delivered in October 2017, the Chief Executive announced that the sites of the three government towers in Wan Chai North and Kong Wan Fire Station will be redeveloped for convention and exhibition (C&E) facilities, hotel and office use. Our preliminary estimate is that the site can provide about 23 000 square metres of C&E facilities. The plan involves relocation of 28 government departments in the three government towers, the law courts and the neighbouring Kong Wan Fire Station. Our current estimation is that the relocation exercise could be completed in the mid 2020s. The Government will proceed with the relocation in accordance with established procedures, with a view to vacating the sites of the three government towers in Wan Chai North and the Kong Wan Fire Station for development of C&E facilities and commercial premises as soon as possible.

The Government will also proceed with the plan of constructing a new convention centre above the Exhibition Station of the Shatin to Central Link (SCL). We estimate that the centre can provide about 15 000 square metres of convention facilities. We plan to commence the works after the commissioning of the Exhibition Station of SCL in 2021.

Planning for new C&E facilities is part of the work of the Commerce, Industry and Tourism Branch of the Commerce and Economic Development Bureau. We do not have a breakdown of the staff establishment and expenditure for individual items.

(2) The “Meetings and Exhibitions Hong Kong” Office (MEHK) under the Hong Kong Tourism Board (HKTb) is committed to providing comprehensive supporting services to organisations intending to hold MICE (Meetings, Incentive Travels, Conventions and Exhibitions) events in Hong Kong, including assisting in their search for suitable venues based on their requirements, such as the Hong Kong Convention and Exhibition Centre (HKCEC), the AsiaWorld-Expo (AWE), the Kowloon Bay International Trade and Exhibition Centre as well as meeting facilities in hotels and other venue spaces, to facilitate the successful staging of events. Apart from MICE tourism promotion, the MEHK also works closely with the Hong Kong Trade Development Council, the Hong Kong Exhibition and Convention Industry Association and the two major exhibition venues (HKCEC and AWE) to conduct joint market promotion activities in various target cities to attract different organisations to hold events in Hong Kong.

(3) Regarding the proposed Hong Kong Branding Industries Park on Lantau Island, the Secretary for Development replied in response to a member’s question at the meeting of the Legislative Council on 17 May 2017 that in the next stage of detailed planning for strengthening the economic land uses along the northern shore of Lantau, the Government will further study the proposed Hong Kong Branding Industries Park having regard to considerations such as compatibility with the surrounding land uses, environmental and traffic impacts, as well as market responses, economic benefits and financial arrangements, etc.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)144

(Question Serial No. 0694)

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:

Under Programme (5), the Consumer Council (CC) discharges a variety of functions. Please advise this Committee of the following:

- (1) the number of times of “conducting product tests and research” by the CC in the past 5 years and the expenditure involved, as well as the name of products in detail (please provide a breakdown by year);
- (2) the number of “consumer surveys” conducted by the CC in the past 5 years and the expenditure involved (please provide a breakdown by year);
- (3) 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); and
- (4) the details of “consumer education programmes” conducted 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. (LegCo use): 104)

Reply:

Information on product tests, surveys and studies conducted by the Consumer Council (the Council) in the past five years are set out below:

Calendar year	Product tests	Surveys	In-depth studies	Studies of general interest
2013	43	23	28	15
2014	43	25	27	18
2015	42	35	24	23
2016	42	31	29	19
2017	44	30	22	19

The Council's expenditures on product tests, surveys and studies are subsumed under the Government's subvention for the Council. It is difficult to quantify them separately. Names of the product tests, surveys and studies conducted by the Council in 2017 are listed at the Annex. Names of the product tests, surveys and studies conducted by the Council before 2017 were listed at the Council's annual reports.

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 below. 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
2012-13	16
2013-14	18
2014-15	11
2015-16	12
2016-17	12

The amount of monetary claims involved in the above assisted applications ranges from \$35,000 to about \$1 million. There is also other relief sought such as declaratory relief.

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. The Consumer Culture Study Award organised annually is a tailor-made programme to provide consumer education to students in secondary schools.

In terms of publicity, the Council holds a press conference on a monthly basis in tandem with publication of the "CHOICE" Magazine to disseminate the latest consumer information to the public. The Council also organises campaigns such as the Consumer Rights Reporting Awards and Top 10 Consumer News every year to promote awareness of consumer protection among the public. The Council has also 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 information videos promoting the amended Trade Descriptions Ordinance, collaboration with non-governmental organisations in arranging educational activities, and youth development programmes, etc.

The Council's manpower and expenditures on publicity and education are subsumed in the Council's establishment and the Government's subvention for the Council. It is difficult to quantify them separately.

- End -

Product tests, surveys and studies conducted by the Consumer Council in 2017

Product Tests (44)

- 1 Running Tights
- 2 Nail Polishes for Children
- 3 Power Extension Sockets
- 4 Bluetooth Speakers
- 5 Robot Vacuum Cleaners
- 6 External Harddisk and Network Attached Storage
- 7 Tablet PCs
- 8 Gas Cooking Stoves
- 9 Sodium Content in Meal-on-one-plate Dishes
- 10 Internet Security Software
- 11 Toddler's Highchairs
- 12 Moisturising Masks
- 13 Fitness Trackers and Smartwatches
- 14 Split Type Air Conditioners
- 15 Vinyl Record Turntables
- 16 Soap Bubble Toys
- 17 Cameras
- 18 Soundbar
- 19 Washing Machines
- 20 Canned Pork Products
- 21 Electric Shavers
- 22 Edible Oil
- 23 Mobile Phone Handsets
- 24 Dash Cam
- 25 Instant Messaging Apps
- 26 Shampoos
- 27 Drones
- 28 Steam Ovens
- 29 Tablet PCs
- 30 Power Banks for Mobile Devices
- 31 Children's Scooters
- 32 Headphones
- 33 Chilled Prepackaged Fruit Juices
- 34 Cameras with Interchangeable Lenses
- 35 Car Crash Safety
- 36 Computer Printers
- 37 Lip Care Products
- 38 Laundry Detergents for Washing Machines
- 39 Hong Kong Style Savoury Dishes
- 40 Mobile Phone Handsets
- 41 Internet Security Software for Mobile Devices
- 42 Thermo Ventilators for Bathrooms
- 43 Surgical Masks
- 44 Child Car Seats

Surveys (30)

- 1 Cancer Insurance
- 2 Body Lotions
- 3 Mobile Network Service Plans
- 4 Food Banks
- 5 Surveillance Cameras
- 6 Yogurt
- 7 Smartphone Warranty Plan and After-sales Services
- 8 Updating the Operating Systems of Mobile Phones
- 9 Annual Supermarket Price Survey
- 10 Extended Warranty of Electrical Appliances Offered by Retailers
- 11 Driving Schools
- 12 Textbook Price Survey
- 13 Household Pest Control Services
- 14 Comprehensive Car Insurance
- 15 Blood Glucose Monitors
- 16 Textbook Expenditure Survey
- 17 Laser Eye Surgery
- 18 Mortgage Plans
- 19 Textbook Revision Survey
- 20 Food Order Platforms
- 21 Eco-labelling of Washing Powder and Washing Liquids
- 22 Recruitment of Foreign Domestic Helpers through Employment Agencies
- 23 Credit Card Air Mileage Rewards
- 24 Online Price Watch
- 25 to 30 Bi-monthly Infant Formula Price Survey

In-depth studies (22)

- 1 Cheese
- 2 Gift Hampers
- 3 Airbags
- 4 Thyroid Diseases
- 5 Fabric Softeners and Conditioners
- 6 Genetic Testing
- 7 Bathroom Safety for the Elderly
- 8 Wheelchair Selection Tips for the Elderly
- 9 Crowdfunding
- 10 Hong Kong Exchanges Financial Information in Tax Matters with Partner Jurisdictions
- 11 Vaccines and Medicines for Travellers
- 12 Breastmilk Storage Bag
- 13 Sunglasses
- 14 The Nutrition Value of Edible Oil
- 15 Sunscreen Products
- 16 Anaemia
- 17 Laundry Detergent Capsules/Pods - Safety Issue
- 18 Study on Prepayment safety measures

- 19 Study on Corporate insolvency
- 20 Confusing Sales Information of Consumption Table for First-hand Residential Properties Improvement for Disclosure and Transparency Needed
- 21 Code of Practice of the Jewellery Retail Industry
- 22 More Choices, Better Service - A Study of the Competition in the Personalised Point-to-point Car Transport Service Market

Studies of General Interest (19)

- 1 Fitness Trackers & Smartwatches
- 2 Sportswears
- 3 Action Cams
- 4 Smartphones
- 5 Cameras
- 6 Soy Sauces
- 7 Tablet PCs
- 8 Baby Diapers
- 9 Robot Vacuum Cleaners
- 10 Pushchairs
- 11 Adult Diapers
- 12 Shower Gels & Bath Lotions
- 13 Fitness Trackers & Smartwatches
- 14 Running Tights
- 15 Cameras
- 16 Electric Shavers
- 17 Smartphones
- 18 Tablet PCs
- 19 Moisturising Day Creams

CONTROLLING OFFICER'S REPLY

CEDB(CIT)145

(Question Serial No. 0695)

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 Trade Development Council has always stressed that it will help Hong Kong's SMEs and start-ups leverage the business opportunities brought about by the online shopping trend so as to enhance their competitiveness in the digital age; help SMEs identify other production bases and foster exchanges with the public and main stakeholders via social media. However, these are not mentioned in the Budget. In this connection, would the Government provide specific details and relevant measures in this respect in the coming five years? Please also provide detailed estimates of provisions and staffing establishment in this respect in the coming five years, as well as the expected results.

Asked by: Hon NG Wing-ka, Jimmy (Member Question No. (LegCo use): 75)

Reply:

The Hong Kong Trade Development Council (TDC) has been striving to help Hong Kong companies tap e-commerce and e-tailing opportunities. In 2018-19, to help Hong Kong companies capitalise on opportunities arising from new retail and consumption trends, TDC will step up its collaboration with renowned e-tailers to help Hong Kong companies tap into the fast-growing global e-tailing market, particularly ASEAN and other emerging markets. TDC will connect Hong Kong brands to e-tailers through customised business matching and networking activities, and set up Hong Kong zones in leading regional e-tailing platforms for Hong Kong brand products. During international fashion weeks, TDC will engage m-commerce or e-tailing platforms for the "See Now, Buy Now" business model to promote Hong Kong fashion.

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

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)146

(Question Serial No. 0956)

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:

One of the matters requiring the special attention of the Hong Kong Tourism Board in 2018-19 is to reinforce Hong Kong's position as a leading cruise hub in the region. This, however, has not been mentioned in the Budget.

Regarding the development of the cruise terminal, will the Government inform this Committee of the following:

- 1) Will additional financial resources be allocated to 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;
- 2) What were the total numbers of cruise vessels berthed at the cruise terminal in the past 3 years? What were their percentages in relation to the total utilisation, and whether the original target had been met; and
- 3) Since the commissioning of the cruise terminal in 2013, its popularity has always been questioned. The Director of Audit's report also pointed out that more than half of the commercial area of the cruise terminal was not let out. What specific targeted measures does the Government have in place to lower the vacancy rate of shops?

Asked by: Hon NG Wing-ka, Jimmy (Member Question No. (LegCo use): 76)

Reply:

1)

The Government is committed to developing cruise tourism. The Kai Tak Cruise Terminal (KTCT) is an important infrastructure for cruise tourism in Hong Kong and is currently managed 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 each simultaneously. The KTCT has been commissioned for only a few years and there is no need for additional resources for carrying out large-scale works on the terminal building, its berths and its ancillary facilities at the moment. However, we have improved the facilities of the terminal building in response to the feedback from the cruise trade and other users. Specific examples include installing railings in front of the escalators to prevent visitors carrying large baggage from using the escalators improperly and causing danger, and installing barriers along the coach bays to prevent tripping over. The cost of the works concerned is included as part of the annual expenses for regular maintenance and repair of the building, and no additional expenses or manpower is required.

2)

There were a total of 56 ship calls (involving 70 calendar days) in 2015; the figure went up to 95 ship calls (involving 105 calendar days) in 2016; and further grew to 186 ship calls (involving 161 calendar days) in 2017.

The commissioning of the KTCT has also driven the growth of cruise tourism figures (including the number of ship calls and cruise passengers throughput) of Hong Kong as a whole in recent years. Between 2013 and 2017, the total number of ship calls in Hong Kong as a whole has increased from 89 to 245 (an increase of 175%); and the total passenger throughput has increased from around 200 000 to over 900 000 (an increase of 370%). Back in the earlier years when the Government was considering the construction of the KTCT, the Government projected that the number of ship calls and cruise passenger throughput in Hong Kong as a whole would range from 181 to 258 and from 564 102 to 1 041 031 respectively by 2023. In other words, the number of ship calls and cruise passenger throughput in Hong Kong as a whole in 2017 have both achieved, ahead of plan, the then projected performance by 2023.

3)

The floor area of the ancillary commercial areas at the KTCT is about 5 600 square metres, with 7 shops of different sizes and are currently fully leased (100%). Apart from one merchant that has ceased operation since June 2016 due to its own operational issues, all other merchants are in operation and providing food and beverages, currency exchange and visitors information services etc. The usage situation of the ancillary commercial areas of the KTCT in the past 3 years are as follows –

Year (As at March)	Leased floor area as a percentage of the ancillary commercial areas	Number of merchants
2016	81%	5
2017	93%	6
2018	100%	7

Although the ancillary commercial areas have been fully leased, in order to utilise the space within the KTCT in a more flexible manner with a view to increasing the attractiveness of the ancillary areas of the KTCT, we have been encouraging the sub-tenants to make good use of the communal areas of the KTCT, e.g. by facilitating the use of the outdoor communal area as a side venue for wedding banquets held in a restaurant in the adjacent commercial area, and exploring turning some of the communal areas into children playing areas to attract more visitors of the family segment to the KTCT. On the other hand, the terminal operator has also arranged the setting up of small-scale pop-up stores at the passenger waiting halls during the days with ship calls for selling souvenirs and drinks, with a view to putting the spaces of the KTCT to better use while at the same time bringing convenience to the visitors.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)147****(Question Serial No. 0963)**

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:

Please advise this Committee of the number of reports received after the amendment to the Trade Descriptions Ordinance in the past 5 years. Please also list the number of prosecutions, convictions, amounts of money involved and the statutory provisions breached for each case of unfair trade practices as well as the number of inspections or spot checks conducted by the Customs and Excise Department.

Asked by: Hon NG Wing-ka, Jimmy (Member Question No. (LegCo use): 70)

Reply:

Since the implementation of the amended Trade Description Ordinance (TDO) in July 2013, figures on the enforcement of TDO by the Customs and Excise Department (C&ED) are as follows:

Offence	Relevant information	2013 (from 19 July)	2014	2015	2016	2017
False trade descriptions	Number of complaint cases	1 303	3 434	3 947	4 476	6 169
	Number of prosecution cases	4	28	59	36	47
	Number of convictions (company/individual)	2	32	66	40	43
	Amount of money involved in the convicted cases	\$24,680 -\$232,368	\$16.5 -\$1,333,591	\$12.9 - \$796,253	\$42 -\$288,000	\$19.9 -\$584,604

Offence	Relevant information	2013 (from 19 July)	2014	2015	2016	2017
Misleading omissions	Number of complaint cases	343	884	752	332	213
	Number of prosecution cases	3	5	12	6	7
	Number of convictions (company/individual)	0	4	10	8	11
	Amount of money involved in the convicted cases	-	\$118-\$36,240	\$109.8-\$11,264	\$2,211-\$66,000	\$132-\$502,578
Aggressive commercial practices	Number of complaint cases	65	151	254	191	151
	Number of prosecution cases	0	2	1	3	2
	Number of convictions (company/individual)	0	0	3	1	4
	Amount of money involved in the convicted cases	-	-	\$140,000	\$100,000	\$10,764-\$100,200
Bait advertising	Number of complaint cases	85	72	27	15	8
	Number of prosecution cases	0	0	0	1	2
	Number of convictions (company/individual)	0	0	0	0	1
	Amount of money involved in the convicted cases	-	-	-	-	\$499
Bait and switch	Number of complaint cases	15	24	25	11	2
	Number of prosecution cases	0	0	0	0	0
	Number of convictions (company/individual)	0	0	0	0	0
	Amount of money involved in the convicted cases	-	-	-	-	-

Offence	Relevant information	2013 (from 19 July)	2014	2015	2016	2017
Wrongly accepting payment	Number of complaint cases	199	1 817	1 023	2 197	376
	Number of prosecution cases	0	0	1	1	2
	Number of convictions (company/individual)	0	0	0	0	3
	Amount of money involved in the convicted cases	-	-	-	-	\$3,510 -\$92,368
Other offences under TDO [^]	Number of complaint cases	41	65	60	38	3
	Number of prosecution cases	2	39	39	24	14
	Number of convictions (company/individual)	0	40	46	22	16
	Amount of money involved in the convicted cases	-	-	-	-	-

[^] Such as sections 4, 9 and 12 of TDO.

Since the implementation of the amended TDO in July 2013, the numbers of inspections/spot checks conducted by C&ED in relation to TDO are as follows:

2013 (from 19 July)	2014	2015	2016	2017
2163	4052	4128	4060	4000

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)148

(Question Serial No. 0965)

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 Hong Kong Tourism Board (HKTb) launched a brand-new programme named “Old Town Central” in April last year to enrich visitors’ in-town experience in Hong Kong. By repackaging and promoting the diverse tourism appeal of Central, the programme encourages visitors to explore the living culture and hidden neighbourhoods in depth. Will the HKTb earmark resources in the next 3 years for publicity and promotion of the programme? If it will, what are the detailed action plan, estimates of expenditure and staff establishment involved? If it will not, what are the reasons?

Asked by: Hon NG Wing-ka, Jimmy (Member Question No. (LegCo use): 74)

Reply:

The Hong Kong Tourism Board (HKTb) launched a brand-new programme “Old Town Central” in April 2017 to repackage and promote the diverse tourism appeal of Central. Initiatives include recommending a number of thematic walking routes to introduce heritage buildings and landmarks, arts and culture, lifestyle as well as dining and entertainment offerings in the district, for visitors to explore the Central neighbourhood with elements of history, art, culture and entertainment according to their interests and at their own pace.

The HKTb believes that by promoting in-depth travel experience in Hong Kong, the tourism appeal of the district as well as Hong Kong as a whole will be elevated. Therefore, in 2018-19, the HKTb will continue to promote “Old Town Central” and launch a new programme for Sham Shui Po with a view to promoting the diverse local culture of the area. The HKTb plans to extend the related programme to six or seven more districts to further enrich visitors’ in-town experience and extend their length of stay in Hong Kong.

The HKTB's total proposed marketing budget in 2018-19 is approximately \$401.2 million (excluding the additional funding as stated in the Budget), which has covered the expenditure for promoting "Old Town Central" and the new promotion campaign for Sham Shui Po. Furthermore, for the additional funding provided to the HKTB by Government in 2018-19, about \$7.5 million will be allocated for the promotion of local district appeals. As the expenditure for publicity of district promotion has been subsumed into various promotion aspects of the HKTB and the promotion work will be undertaken by various departments in the HKTB Head Office as well as the Mainland and worldwide offices, it is difficult to break down and quantify the relevant expenditure items as well as staff establishment separately.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)149

(Question Serial No. 1024)

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:

To maintain Hong Kong's competitiveness as a trading and logistics hub and to align with the international trend, the Administration announced in last year's Budget that a Trade Single Window (TSW) would be set up as a one-stop electronic platform for the trading community to submit to the Administration trade documents required for all trade declaration and customs clearance purposes. In this connection, will the Administration inform this Committee whether it has estimated the amount of annual savings in administrative costs for the relevant sectors such as logistics, retail and import and export upon the full and mandatory implementation of TSW?

Asked by: Hon NG Wing-ka, Jimmy (Member Question No. (LegCo use): 78)

Reply:

The Government is pressing full steam ahead with the development of the Trade Single Window (TSW). The TSW is a highly sophisticated project with a mega scale. The Government needs to secure passage of the relevant legislative and funding proposals, and conduct tendering exercise(s) to appoint contractor(s) for the design and development of the information technology system. We plan to roll out the TSW in three phases. Phase 1 will be launched in mid-2018 covering over 10 types of trade documents whose applications could be made on a voluntary basis. Phases 2 and 3 are expected to be implemented respectively in 2022 and 2023 the earliest.

We expect that the TSW would save time and cost for the trading community, as they will no longer need to approach different government agencies individually and can lodge import and export trade documents electronically round the clock through a centralised platform. Under the TSW system, data can be reused more conveniently, thus minimising

data input effort and errors. The trade can also check the status of their applications and the submitted information through the centralised TSW platform anytime.

In addition, upon full implementation of the TSW, cargo hold-ups during clearance can be minimised, bringing a smoother and seamless cargo clearance, thus enhancing trade efficiency in the long run. Furthermore, streamlining and rationalisation of various existing submission requirements of pre-shipment and post-shipment cargo information should also save time and cost.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)150

(Question Serial No. 5128)

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 response towards the Food Truck Pilot Scheme is less than satisfactory, one or more food truck operators have quitted the Scheme owing to operation difficulties or other reasons. In the face of this situation, the Government has recently introduced several enhancement measures. What is the latest progress of these measures in terms of the food truck operators' participation? Will the Government set aside and allocate more resources in 2018-19 for further promotion or refinement of the Scheme? If yes, what are the details and estimated expenditures? If no, what are the reasons?

Asked by: Hon NG Wing-ka, Jimmy (Member Question No. (LegCo use): 73)

Reply:

The Food Truck Pilot Scheme (the Scheme) was launched in February 2017. Since the launch of the Scheme, two operators withdrew from the Scheme on commercial considerations during the licence application process. Another operator subsequently withdrew from operation because he had disagreement with his business partner according to our understanding. As a business venture, it is natural that there is variation in the business performance among different food trucks. As at 4 February 2018, 3 food trucks recorded gross revenue between HK\$2 million and HK\$2.5 million, 7 between HK\$1.5 million and HK\$2 million, 3 between HK\$1 million and HK\$1.5 million, and a further two operating for a few months recorded gross revenue below HK\$1 million. Besides, 3 food truck operators opened a brick-and-mortar shop by virtue of the experience and reputation gained from operating food trucks.

Tourism Commission (TC) has rolled out various refinement measures since May 2017, which include-

- (1) introducing new operating venues (including AsiaWorld-Expo, Science Park, Hong Kong University of Science and Technology and Science Museum. It is also planned to introduce the Boxes as new operating venue in May 2018);
- (2) implementing day/night shift operating mode. Food truck could operate at Energizing Kowloon East Venue 1 in daytime and shift to operate in Tsim Sha Tsui Art Square in nighttime;
- (3) turning the 8 designated operating venues into optional venues (including Energizing Kowloon East Venue 1, Wong Tai Sin Square, Central Harbourfront Event Space, Ocean Park, Tsim Sha Tsui Art Square, Salisbury Garden, Hong Kong Disneyland and Golden Bauhinia Square). When the operators are scheduled to operate at the optional venues under the rotation mechanism, they can choose whether and when to operate on their own business consideration and are only required to the pay service fees on the operation days;
- (4) allowing more operating venues. If suitable venues are identified by the operators, and if the parking location will not cause obstruction to pedestrians and vehicles and the venue management allows the food trucks to operate at the venues with appropriate ancillary facilities, TC will follow up and take the matter into consideration; and
- (5) allowing food trucks' participation in self-identified events as long as the events are open to the public with publicity plans available and licences obtained. In general, for events with a temporary place of public entertainment licence granted by the Food and Environmental Hygiene Department, TC will consider favourably.

It can be seen that TC has been continuously providing appropriate relaxation for the Scheme to reduce restrictions and enhance operation flexibility in improving the operators' business environment. With the refinement measures taking effect progressively, the total gross revenue of 15 food trucks reached HK\$8.38 million in the third rotation cycle (October 2017 – early February 2018, 16 weeks in total), representing an increase of 38% over the second rotation cycle (June – October 2017, 16 weeks in total).

TC always endeavours to carry out promotional activities for the Scheme, which include:

- (1) launching the mobile application “HK Food Truck” which provides information on food trucks and operating venues;
- (2) promoting the Scheme locally and overseas through Hong Kong Tourism Board;
- (3) inviting Hong Kong Hotels Association to distribute promotional flyers at hotels;
- (4) inviting Travel Industry Council of Hong Kong and Hong Kong Association of China Travel Organisers Limited to establish communication platform between the travel trade and food truck operators to facilitate their collaboration; and
- (5) arranging publicity of food trucks through postings by key opinion leaders on social media platforms, etc.

The Government has earmarked HK\$9.735 million in 2018-19 for running the Scheme. The manpower and expenditure on the promotion cum publicity have been subsumed within the establishment and provision of the Food Truck Office, and it is difficult to quantify them separately. TC also encourages food truck operators to make use of different social platform and media to publicise their food trucks and food products.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)151

(Question Serial No. 6381)

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 intends to develop a modern air cargo logistics centre, and will consider redeveloping the Air Mail Centre. What is the scheduled completion date of the works for the air cargo logistics centre? When is the study on the redevelopment of the Air Mail Centre expected to be completed? Will the works and study be expedited so as to strengthen and consolidate Hong Kong's edge as a trading and logistics hub? If yes, what are the details? If no, what are the reasons?

Asked by: Hon NG Wing-ka, Jimmy (Member Question No. (LegCo use): 77)

Reply:

The Airport Authority Hong Kong made available the Kwo Lo Wan site located in the South Cargo Precinct of the airport in December 2017 for developing a modern air cargo logistics centre. The invitation to tender of the Kwo Lo Wan site will close in April 2018. The facility is targeted to start operating in 2023 the earliest.

Hongkong Post will commission a number of technical and financial feasibility consultancy studies on the redevelopment of the Air Mail Centre situated in the Hong Kong Chek Lap Kok Airport. It is expected that these studies will be completed by early 2019, after which more concrete plans and timetable will be drawn up for the redevelopment.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)152

(Question Serial No. 3336)

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 “continue to monitor the implementation of the pilot scheme on food trucks and conduct review on the pilot scheme”, will the Government inform this Committee:

1. of (i) the details of promotion or publicity programmes for food trucks and the expenses incurred in each financial year since the official launch of the scheme in 2017, (ii) the estimated expenditure for the pilot scheme on food trucks in 2018-19, (iii) in light of the conclusion of this 2-year pilot scheme next year, the amount of expenditure earmarked for reviewing the scheme, as well as the time frame for conducting review and gauging public opinion;
2. of (i) the operation details of food trucks (including the pedestrian flow at each operating location at different times of the day, business turnover for each operator, respective figures on operators recording profits and deficits), and (ii) in table form, the annual total revenue recorded at each operating location since the official launch of the scheme in 2017; and
3. given that many of the food truck operators are withdrawing from the scheme, whether the Government will consider allowing other organisations to set up cooked food bazaars at the operating locations currently designated to food trucks, with a view to providing references for future study on the feasibility of furthering the scheme? To make the relevant cost affordable to the operators of start-ups and small businesses, does the Government have any plans on relaxing the requirements and laws applicable to vehicles used as food trucks? What are the details?

Asked by: Hon SHIU Ka-chun (Member Question No. (LegCo use): 95)

Reply:

1. The Government has earmarked a total of HK\$31.71 million from 2016-17 to 2018-19 for implementation of the Food Truck Pilot Scheme (the Scheme). The estimated budgets for each financial year are:
 - 2016 – 17: HK\$12.74 million
 - 2017 – 18: HK\$9.235 million
 - 2018 – 19: HK\$9.735 million

The manpower and expenditure on the promotion cum publicity and evaluation of the Scheme have been subsumed within the establishment and provision of the Food Truck Office, and it is difficult to quantify them separately.

The Tourism Commission (TC) always endeavours to carry out promotional activities for the Scheme, which include:

- (1) launching the mobile application “HK Food Truck” which provides information on food trucks and operating venues;
- (2) promoting the Scheme locally and overseas through Hong Kong Tourism Board;
- (3) inviting Hong Kong Hotels Association to distribute promotional flyers at hotels;
- (4) inviting Travel Industry Council of Hong Kong and Hong Kong Association of China Travel Organisers Limited to establish communication platform between the travel trade and food truck operators to facilitate their collaboration; and
- (5) arranging publicity of food trucks through postings by key opinion leaders on social media platforms, etc.

At the same time, TC also encourages food truck operators to make use of different social platform and media to publicise their food trucks and food products.

TC conducted a mid-term review on food trucks’ operation in January 2018 to look into their business data, their performance at venues and events, etc.. Observations revealed that different food trucks’ business performance varies and is determined by various factors. TC will continue to observe and evaluate the operating performance of food trucks and effectiveness of the Scheme, 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 are commercially viable, etc.. It is expected that the evaluation result would be available in the third quarter of 2018.

2. Under the Scheme, the business performances of the food trucks should be best assessed through the statements of accounts 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 total patronage figure. 15 food trucks have commenced business successively since February 2017. According to the business

data in the operators' statements of accounts, as at 4 February 2018, 3 food trucks recorded gross revenue between HK\$2 million and HK\$2.5 million, 7 between HK\$1.5 million and HK\$2 million, 3 between HK\$1 million and HK\$1.5 million, and a further two operating for a few months recorded gross revenue below HK\$1 million. TC does not keep the information on operating cost.

For operating venues, the total gross revenue of food trucks at the eight designated operating venues as at 4 February 2018 are set out below -

Operating Venue	Total Gross Revenue of Food Trucks (Approximate figures as at 4 February 2018)
Hong Kong Disneyland	HK\$11.8 million
Tsim Sha Tsui Art Square	HK\$2.18 million
Salisbury Garden	HK\$2.10 million
Ocean Park	HK\$1.40 million
Golden Bauhinia Square	HK\$1.26 million
Wong Tai Sin Square	HK\$0.93 million
Central Harbourfront Event Space	HK\$0.65 million
Energizing Kowloon East Venue 1	HK\$0.46 million

- According to the agreements signed between operating venues and food truck operators, each operating venue has to provide one to two food truck pitches. The concerned pitch is of size 4m x 8m or 5m x 10m designated for the parking of food trucks and it is not suitable for use as venue for cooked food bazaar. In addition, to ensure the food cooked in food truck conforming to the good food hygiene and safety level in Hong Kong as well as road traffic safety of food truck, food truck should be equipped with food compartment with suitable installation, and issued with Food Factory Licence by Food and Environmental Hygiene Department (FEHD) under the Food Business Regulation (Cap 132X) and special purpose vehicle licence with body type "food processor" by Transport Department under the Road Traffic Ordinance (Cap 374) under the framework of the Scheme.

Bazaar's policy does not fall within purview of TC. The concept and positioning of bazaars and the Scheme are different and should not be compared. That said, TC has provided relaxation to the Scheme and allows food truck to participate in self-identified events as long as the events are open to the public with publicity plans available and licences obtained. In general, for events with a temporary place of public entertainment licence granted by FEHD, TC will consider favourably. Up to now, food truck operators have submitted applications for participating in over 30 self-identified events. All of the applications were approved accordingly.

When TC devised the Scheme, assistance to start-up individuals/enterprises was provided under the application mechanism. 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). Out of the 15 existing food truck operators, 8 are start-up micro-enterprises.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)153

(Question Serial No. 0987)

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 Commerce and Economic Development Bureau plans to continue to work with the industry to enhance the appeal of Hong Kong as an international convention, exhibition and tourism capital in 2018-19. Are there any ideas or plans at present and what is the estimated expenditure?

Asked by: Hon SHIU Ka-fai (Member Question No. (LegCo use): 29)

Reply:

In the Policy Address delivered in October 2017, the Chief Executive announced that the sites of the three government towers in Wan Chai North and Kong Wan Fire Station will be redeveloped for convention and exhibition (C&E), hotel and office use. Our preliminary estimate is that the site can provide about 23 000 square metres of C&E facilities. The plan involves relocation exercise of 28 government departments in the three government towers, the law courts and the Kong Wan Fire Station. Our current estimation is that the relocation could be completed in mid 2020s. The Government will proceed with the relocation in accordance with established procedures, with a view to vacating the sites of the three government towers in Wan Chai North and the Kong Wan Fire Station for development of C&E facilities and commercial premises as soon as possible.

The Government will also proceed with the plan of constructing a new convention centre above the Exhibition Station of the Shatin to Central Link (SCL). We estimate that the centre will provide about 15 000 square metres of convention facilities. We plan to commence the construction works after the commissioning of the Exhibition Station of SCL in 2021.

Planning for new C&E facilities is part of the work of the Commerce, Industry and Tourism Branch of the Commerce and Economic Development Bureau. We do not have a breakdown of the staff establishment and expenditure for individual items.

The Hong Kong Tourism Board (HKTb) established the “Meetings and Exhibitions Hong Kong” which is the dedicated office for the promotion of MICE tourism. To attract high-spending MICE visitors to Hong Kong, in 2018-19, 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 promotion work conducted by the HKTb for the various MICE segments in 2018-19 will include:

Meetings and incentives (M&I)

- focusing its promotional efforts on markets such as the Mainland, Southeast Asia (mainly Indonesia and Thailand), South Korea, India and the United States (US) targeting the direct selling industry, and reaching out to sectors such as insurance and finance, information technology, manufacturing and pharmaceuticals, to attract them to organise M&I in Hong Kong;
- showcasing the latest offerings, MICE venues, unique travel experiences and track record of Hong Kong in hosting large-scale M&I by organising familiarisation tours, travel missions, large-scale workshops and one-on-one meetings for corporate clients and overseas travel trade;
- through an award programme, recognising the performance and contribution of the overseas travel agents and motivating them to promote Hong Kong as the ideal destination for M&I trips to their corporate clients; introducing the overseas travel agents the latest MICE developments and unique experiences of Hong Kong through workshops and briefings;
- participating in MICE trade shows in key source markets together with the local travel trade to help them foster connections with MICE event organisers; and
- strengthening collaboration with M&I organisers in key source markets to solicit for mega M&I and actively secure more small and medium-sized M&I.

Professional association events

- stepping up efforts to attract more events organized by professional associations in Asia Pacific, taking into account the frequent rotation among conferences organized by these bodies and the majority of these conferences are of medium scale which allow more flexibility in venue selection;
- focusing resources on Europe and the US in order to bring more medium-sized conferences to Hong Kong. The HKTb will form strategic partnerships with professional associations and professional conference organisers, and proactively reach out to and persuade the decision makers of the associations to choose Hong Kong as the hosting city of their events;

- 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
- fostering a closer tie with professional associations in the Mainland, especially medical and technology related associations, 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 conferences 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 and medium-sized exhibitions; and
- offering support to exhibition organisers, including working with the travel trade to provide exhibition visitors with customised travel packages, special offers and hospitality support; offering marketing support to recurrent exhibitions to attract more participants with a view to retaining recurrent events and attracting new ones.

In 2018-19, the HKTb plans to spend \$47.6 million on MICE promotion, including the Government's additional allocation of \$8 million to the HKTb for providing continuous financial support to local travel agents in attracting more small and medium-sized M&I, thereby drawing more high-spending visitors.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)154

(Question Serial No. 0988)

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 Commerce and Economic Development Bureau plans to continue to implement the relevant recommendations of the Task Force on Manpower Development of the Retail Industry in 2018-19. Would the Government inform this Committee of the progress of individual recommendations and the utilisation of the funds concerned?

Asked by: Hon SHIU Ka-fai (Member Question No. (LegCo use): 30)

Reply:

In 2018-19, the Government will continue to implement measures to support the manpower development of the retail industry, including:

- (a) the Earn & Learn Pilot Scheme for the Retail Industry (Pilot Scheme) (rolled out by the Vocational Training Council in partnership with the Hong Kong Retail Management Association) seeks to provide a channel for Secondary Six graduates to attend classes on campus while acquiring working experience at retail shops. The Pilot Scheme aims at easing the manpower strain of the retail industry, as well as providing training for aspiring youngsters to join the retail workforce. During their study period, the Government provides an allowance of \$2,000 per month to each student-worker with satisfactory school and work attendance. Since the launch of the Pilot Scheme, some 600 student-workers have already enrolled;

- (b) the Retail Technology Adoption Assistance Scheme for Manpower Demand Management (ReTAAS) (launched in partnership with the Hong Kong Productivity Council) aims to support the retail industry to adopt technologies for manpower management and enhancing productivity. As of mid-February 2018, over 300 applications have been approved with a total amount of funding approved of around \$11.1 million; and
- (c) a promotion campaign for the retail industry (launched in consultation with the retail sector) aims to project a positive image of the industry, such as producing TV and radio Announcement in the Public Interests (APIs) and online animation videos, setting up an Internet Portal and Facebook page relating to the retail industry, for promoting the diversified nature of retail jobs, good people management and relevant training opportunities and courses etc.

Estimated expenditure for the above measures in 2018-19 is \$2.65 million.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)155

(Question Serial No. 0993)

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:

According to the Hong Kong Trade Development Council (TDC), it will strengthen its efforts to capitalise on opportunities arising from new retail and consumption trends. What are the initiatives involved and what is the breakdown of the estimated expenditure?

Asked by: Hon SHIU Ka-fai (Member Question No. (LegCo use): 31)

Reply:

In 2018-19, to help Hong Kong companies capitalise on opportunities arising from new retail and consumption trends, the Hong Kong Trade Development Council (TDC) will step up its collaboration with renowned e-tailers to help Hong Kong companies tap into the fast-growing global e-tailing market, particularly ASEAN and other emerging markets. TDC will connect Hong Kong brands to e-tailers through customised business matching and networking activities, and set up Hong Kong zones in leading regional e-tailing platforms for Hong Kong brand products. During international fashion weeks, TDC will engage m-commerce or e-tailing platforms for the “See Now, Buy Now” business model to promote Hong Kong fashion.

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

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)156

(Question Serial No. 0994)

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:

There have been criticisms about the prolonged under-utilisation of the Kai Tak Cruise Terminal since its commissioning about 5 years ago. Despite that, the Hong Kong Tourism Board has stated that it will promote the development of cruise tourism and reinforce Hong Kong's position as a leading cruise hub in the region in 2018-19. Will the Government explain how the relevant work plan and estimated expenditure for 2018-19 differ from those for the past 5 years? Have any work objectives or performance indicators been formulated accordingly?

Asked by: Hon SHIU Ka-fai (Member Question No. (LegCo use): 32)

Reply:

Since the commissioning of the Kai Tak Cruise Terminal (KTCT) in mid-2013, its business has been growing steadily, with its number of ship calls increased from 9 in 2013 to 186 in 2017. This has driven the total number of ship calls in Hong Kong as a whole to increase from 89 in 2013 to 245 in 2017. The total passenger throughput in Hong Kong as a whole has also increased from around 200 000 in 2013 to over 900 000 in 2017. Back in the earlier years when the Government was considering the construction of the KTCT, the Government projected that the number of ship calls and cruise passenger throughput in Hong Kong as a whole would range from 181 to 258 and from 564 102 to 1 041 031 respectively by 2023. In other words, the number of ship calls and cruise passenger throughput in Hong Kong as a whole in 2017 have both achieved, ahead of plan, the then projected performance by 2023.

In 2017, there were 161 calendar days with cruise ships berthing at the KTCT. In other words, there were cruise ships at berth almost every other day. Besides, since the commissioning of the KTCT, there have been different kinds of non-cruise events taking place at the KTCT involving a total of around 190 calendar days (including setting up, dismantling and reinstatement) with participants ranging from several hundreds to over 50 000.

The Government is committed to developing Hong Kong into a cruise hub in the region and has formulated comprehensive strategies and directions for cruise tourism development to seize the opportunities brought about by the growth in the international cruise tourism market, as well as to ensure the balanced, healthy and sustainable development of cruise tourism in Hong Kong. The specific strategic directions pursued by the Government in developing cruise tourism include driving more ship deployment to Hong Kong; cultivating Hong Kong as a cruise destination; diversifying cruise tourism market; and elevating Hong Kong's profile in the international cruise trade.

Every year, the Government reviews the relevant strategies and directions having regard to the latest development of the market and in consultation with the trade. Subsequently, the Government would launch corresponding initiatives accordingly. Amongst other initiatives, the Government provides funding support to HKTb's work in promoting the development of cruise tourism. HKTb's major initiatives in the coming year in promoting cruise tourism include –

(i) *Raise consumer demand for cruise travel and develop cruise markets*

- Raise consumers' interest in and demand for cruise travel by launching publicity and promotion campaigns targeting consumers in various source markets through digital marketing, social media, public relations initiatives and collaboration with the trade.
- Cooperate with cruise companies to promote cruise travel as a part of "Meetings, Incentive, Conventions and Exhibitions" (MICE) programme in Hong Kong to organisers from the Mainland, South Korea, Southeast Asia and India through familiarisation tours, travel missions etc.

(ii) *Strengthen regional collaboration through the Asia Cruise Cooperation (ACC)*

- Strive to expand the ACC by inviting more ports in the region to participate, while at the same time, enlarge the scope of collaboration. In the past, the focus was on promotion targeting cruise companies to encourage them to include the ACC ports in their cruise itineraries. With the expanded scope of collaboration, the ACC will reach out to consumers through joint promotion in key source markets, with a view to inducing more consumers to choose cruise travel products that cover the ACC ports, in particular Hong Kong.

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

- Strengthen ties with the management of international cruise companies, in particular those that are interested in developing the Asian market, as well as to introduce to them the latest situation and development potential of Hong Kong in cruise tourism.

In 2018-19, the Government will allocate an additional provision of \$14 million for the HKTB to ensure the sustainable growth of cruise tourism by leveraging on the strengths of Hong Kong, consolidating the established diversified source markets, as well as seizing the opportunities brought about by the commissioning of the cross-boundary transport infrastructure. Specific initiatives include continuing with the promotion on “fly-cruise” tourism; seizing the opportunities brought about by the upcoming commissioning of the Guangzhou-Shenzhen-Hong Kong Express Rail Link (XRL) by encouraging the trade to launch travel products that bundle XRL with cruise travel; and launching promotion campaigns targeting some of the Mainland cities along the express railway network, with a view to cultivating more source markets and increasing the depth of market penetration. In addition, the HKTB will leverage on the competitive advantages of Hong Kong in terms of tourist attractions to launch special offer packages that cover cruise and attractions, with a view to further consolidating the source markets thereat in southern China. Taking into account the additional provision for the HKTB as mentioned above, the HKTB’s total budget for promoting cruise tourism in 2018-19 is around \$28.4 million.

The expenditures of the HKTB for promoting cruise tourism in the past five years are tabulated below.

Year	Actual Expenditure in 2013-14	Actual Expenditure in 2014-15	Actual Expenditure in 2015-16	Actual Expenditure in 2016-17	Estimates in 2017-18
Expenditure for promoting cruise tourism	\$15.59 million	\$18.01 million	\$14.21 million	\$20.69 million	\$31.50 million

The performance of cruise business in Hong Kong as a whole hinges on a number of external factors, including the development of international and regional markets as well as the business strategies of individual cruise companies. With the increase in the number of ship calls and the passenger throughput of Hong Kong as a whole as observed in recent years, we consider that cruise tourism in Hong Kong is developing steadily. This reflects the effective efforts of the Government and the HKTB.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)157

(Question Serial No. 0995)

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 Hong Kong Tourism Board has stated that it will launch promotion campaigns to enhance visitors' awareness of the Quality Tourism Services and "Quality and Honest Hong Kong Tours" schemes in 2018-19. What are the specific work plan and breakdown of the estimated expenditure in that regard?

Asked by: Hon SHIU Ka-fai (Member Question No. (LegCo use): 33)

Reply:

The Government has allocated an additional funding of \$226 million from the 2018-19 Budget to the Hong Kong Tourism Board (HKTb) for strengthening marketing promotion, of which \$8 million will be used for stepping up promotion of the Quality Tourism Services (QTS) Scheme and the Quality and Honest Hong Kong Tours (QHT) in the Mainland. Related initiatives are as follows:

- consumer education programme: to collaborate with websites, social media and traditional media in the Mainland to enhance the promotion of Hong Kong's unique travel experiences and special shopping and dining offers. HKTb will also arrange media and key opinion leaders to experience QHT products and special shopping and dining offers launched under QTS Scheme to cultivate positive consumer awareness, with a view to enhancing Hong Kong's tourism appeal and strengthening the city's destination image of hospitality and quality of service;

- quality tour products: to collaborate with the travel trade in the Mainland to further enhance the quality of QHT products by leveraging the unique tourism theme and mega events in Hong Kong. HKTb will also launch promotion targeted at different consumer groups to entice them to purchase relevant tour products; and
- consumer engagement: to strengthen collaboration with key online transaction platforms and consumer review websites in the Mainland to drive consumers from different regions to download visitor offers launched under QTS Scheme. HKTb will also design consumer engagement activities to enhance promotion effectiveness and attract more targeted consumer groups to participate.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)158

(Question Serial No. 0996)

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 enquiries or complaints received by the Competition Commission decreased from 1 453 in 2016 to 767 in 2017. Has the Government assessed the reasons for that?

Asked by: Hon SHIU Ka-fai (Member Question No. (LegCo use): 34)

Reply:

Since the full implementation of the Competition Ordinance in December 2015, the Competition Commission has received over 2 600 complaints and enquiries. In the first nine months in 2016, the number of complaints and enquiries received in a month ranged from about 90 to 210. Majority of the complaints and enquiries were related to potential anti-competitive conduct and general enquiries which were common for a newly established agency, such as functions and powers of the Commission. The figure stabilized from the end of 2016 throughout 2017 with a monthly average of around 60.

It is worth noting that the Commission has been adopting a focused and thematic approach in its public engagement efforts, and has continued its drive to increase public and business awareness of the Ordinance and encourage compliance through outreach and engagement events. The drop in number of complaints and enquires received also reflects a greater understanding of the Ordinance and sophistication in the issues being raised.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)159

(Question Serial No. 0997)

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 stated that it would continue to advise the Government and public bodies on competition matters in 2018-19. How many times respectively has the Competition Commission taken the initiative or acted on request to give advice to the Government and public bodies in each of the past 3 years? Could information on the advice be made available for public access?

Asked by: Hon SHIU Ka-fai (Member Question No. (LegCo use): 35)

Reply:

The Competition Commission has been liaising with and providing advice to the Government and public bodies on issues relating to competition, including the Commission's submission to the public consultation on the Future Development of the Electricity Market; the advisory bulletins on the supply of Piped Liquefied Petroleum Gas in public housing estates, and the Codes of Conduct of the Hong Kong Institute of Architects and the Hong Kong Institute of Planners; and the advice on the Voluntary Health Insurance Scheme, and on the code of marketing and quality of formula milk for infants, etc.. The Commission has published its study reports and advisory bulletins online.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)160****(Question Serial No. 5380)**

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 allocate an additional \$396 million to the tourism industry in the new financial year, of which \$226 million will be provided for the Hong Kong Tourism Board (HKTb) to implement the Development Blueprint for Hong Kong's Tourism Industry released by the Tourism Commission last year. In this connection, will the Government give a breakdown of the estimated expenditure on items other than those concerning the HKTb under this allocation?

Asked by: Hon SHIU Ka-fai (Member Question No. (LegCo use): 59)

Reply:

The Government of this term has set out a comprehensive "Development Blueprint for Hong Kong's Tourism Industry" (the Development Blueprint), which outlines the vision and mission of tourism development for developing Hong Kong into a world-class premier tourism destination and ensuring the balanced, healthy and sustainable development of the industry.

To implement the four development strategies under the Development Blueprint, the Government has allocated an additional \$396 million in 2018-19 for the tourism industry, which includes not only the additional funding of \$226 million for the Hong Kong Tourism Board, but also the remaining \$170 million for the Tourism Commission mainly for taking forward 12 new initiatives to promote tourism development. The 12 new initiatives will be rolled out progressively within the next few years starting from 2018-19, and the relevant information and resources allocated to these initiatives are shown in the following table –

New initiatives to promote tourism development	Additional funding amount in 2018-19 (\$ million)
<u>Strategy 1: To develop a diversified portfolio of visitor source markets for Hong Kong, with a focus on attracting high value-added overnight visitors</u> (1) Organising a tourism forum under the dual themes of “Belt and Road” and “Bay Area” with business matching conference for the travel trade (2) Supporting the Travel Industry Council of Hong Kong (TIC) in arranging visits for Hong Kong travel agents to “Bay Area” (3) Supporting TIC in developing a new web-based tourism resource forum about “Belt and Road” countries and the “Bay Area” cities (4) Supporting tourist attractions in enhancing competitiveness and promotion in visitor source markets	21
<u>Strategy 2: To nurture and develop tourism products and initiatives with local and international characteristics</u> (5) Tourism project making use of creative and multimedia technology (6) Light installation project at the Central Harbourfront (7) New tourism projects with creative, artistic and cultural elements (8) New pilot arts cum historical, cultural and green tourism event at Yim Tin Tsai of Sai Kung (9) Enhancing the tourism supporting facilities of some popular hiking trails and those with good tourism potentials (10) Ocean Park’s education tourism projects and a new 3D projection-cum-water light show	110
<u>Strategy 3: To develop smart tourism</u> (11) Launching new smart travel landing page	1.4
<u>Strategy 4: To upgrade the service quality of tourism industry</u> (12) Supporting TIC to continue to implement and enhance the Information Technology Development Matching Fund Scheme for Travel Agents	30
Total	163

Note: Together with the additional provision of \$7.4 million in 2018-19 for preparing for the establishment of the Travel Industry Authority, the additional provision to the Tourism Commission in 2018-19 amounts to \$170 million in total.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)161****(Question Serial No. 5381)**

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 plans to allocate \$226 million to the Hong Kong Tourism Board (HKTb) for implementing the Development Blueprint for Hong Kong's Tourism Industry released by the Tourism Commission last year. In this connection, will the Government give a breakdown of the estimated expenditure on the various items involved?

Asked by: Hon SHIU Ka-fai (Member Question No. (LegCo use): 60)

Reply:

The Hong Kong Tourism Board (HKTb) was allocated an additional funding of \$226 million by the Government in the 2018-19 Budget, to launch the following initiatives to tie in with the strategic directions as set out in the Government's Tourism Blueprint –

Tourism projects to be implemented	Additional funding amount in 2018-19 (\$ million)
<p><u>Strategy 1: To develop a diversified portfolio of visitor source markets for Hong Kong, with a focus on attracting high value-added overnight visitors</u></p> <ul style="list-style-type: none"> (1) Thematic advertising in source markets (2) District programmes (3) Waiver of participation fees of local travel trade in joining overseas promotions (4) Participating in overseas promotional events organised by the Trade Development Council (5) Overseas promotion for new tourism offerings 	84

Tourism projects to be implemented	Additional funding amount in 2018-19 (\$ million)
<u>Strategy 2: To nurture and develop tourism products and initiatives with local and international characteristics</u> (6) Stepping up promotions for the Express Rail Link Hong Kong Section and the Hong Kong-Zhuhai-Macao bridge (7) Stepping up promotions of green tourism (8) Subsidising the travel trade to attract more small- and medium-sized MICE events to Hong Kong (9) Enriching mega events' content and enhancing promotions of various large-scale events (10) Promoting "Fly-Cruise" and "Rail-Cruise" programme (11) Collaborating with cruise lines to develop more source markets	120
<u>Strategy 3: To develop smart tourism</u> (12) Revamping discoverhongkong.com website (13) Enhancing digital platforms' content	13.73
<u>Strategy 4: To upgrade the service quality of tourism industry</u> (14) Stepping up promotions of the "Quality and Honest Hong Kong Tour" and the "Quality Tourism Services" schemes	8
Total	226

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)162

(Question Serial No. 5382)

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:

Does the Government have any special provision for additional tourism supporting facilities to upgrade Hong Kong's visitor receiving capability and capacity? If yes, what are the details and how much is the provision? If no, what are the reasons?

Asked by: Hon SHIU Ka-fai (Member Question No. (LegCo use): 61)

Reply:

The Tourism Commission has all along maintained close contact with relevant government departments, the Hong Kong Tourism Board and the tourism sector to review the tourism supporting facilities provided in Hong Kong and make recommendations on a wide range of areas, including the provision of general tourism supporting facilities, such as identifying suitable locations for putting up directional signs and mapboards, provision of coach parking spaces, etc. Where necessary, we will contact and coordinate with the management agents of individual attractions and relevant departments for suitable improvement and follow-up actions, with a view to ensuring the provision of suitable and sufficient supporting facilities for visitors and facilitating visitors to tour around Hong Kong.

In order to promote green tourism, the Government has earmarked an annual funding of \$15 million from 2018-19 to 2022-23 to enhance the tourism supporting facilities of some popular hiking trails as well as those with tourism appeal potential within country parks. The proposed works mainly cover improvement to existing hiking trail network, control of soil erosion at the trails, enhancement of vegetation coverage, addition of lookout points and enrichment of information boards, etc. In the first phase, the Government will enhance the supporting facilities of Dragon's Back (Shek O Country Park), Peak Trail (Pokfulam Country Park), Wu Kau Tang to Lai Chi Wo (Pat Sin Leng Country Park), Shing Mun Reservoir Walk (Shing Mun Country Park), MacLehose Trail Section 1 (Sai Kung East

Country Park) and Lantau Trail Section 2 (Lantau South Country Park). Furthermore, the Government will enhance the relevant thematic website and mobile application to provide detailed information on hiking and enrich visitors' experience.

The policy goal of the Government of the Hong Kong Special Administrative Region is to ensure the balanced, healthy and sustainable development of the tourism industry. While ensuring the stable and orderly development of the tourism industry, we also seek to strike a balance between the impact of the tourism industry on Hong Kong's economy and the livelihood of the community. We will keep in view closely the relevant situation and take forward initiatives on increasing Hong Kong's receiving capacity progressively.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)163****(Question Serial No. 5198)**

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, and the estimated economic benefits brought about by them, in each month from April 2015 to February 2018? What are the respective percentage shares of these 2 types of endorsements in the total numbers of visitors under the Individual Visit Scheme (IVS), and the respective percentage shares of the economic benefits brought about by the 2 types of endorsements in the overall economic benefits brought about by all visitors under the IVS?

(Year)

	January	February	March	April	May	June	July	August	September	October	November	December
Number of “multiple-entry” visitors												
Economic benefits brought about by “multiple-entry” visitors												
Percentage share of such visitors in all IVS visitors												

	January	February	March	April	May	June	July	August	September	October	November	December
Percentage share of the economic benefits brought about by such visitors in 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 overall economic benefits brought about by all IVS visitors												

Asked by: Hon TAM Man-ho, Jeremy (Member Question No. (LegCo use): 592)

Reply:

According to the information provided by the Immigration Department, the numbers of visitors travelling to Hong Kong on multiple-entry endorsements and “one trip per week” endorsements from April 2015 to January 2018 are as follows:

2015

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Visitors travelling on multiple-entry endorsements*												
Number of visitors (‘000)	-	-	-	1 120	1 070	970	960	1 000	950	900	870	890
Percentage share in all visitors of the month travelling under the Individual Visit Scheme (IVS) (%)	-	-	-	52	49	49	42	37	46	41	43	39

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Visitors travelling on “one trip per week” endorsements												
Number of visitors (‘000)	-	-	-	10	70	120	200	300	340	390	450	560
Percentage share in all IVS visitors of the month (%)	-	-	-	0	3	6	9	11	17	18	22	25

2016

	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

2017

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Visitors travelling on multiple-entry endorsements*												
Number of visitors (‘000)	-	-	-	-	-	-	-	-	-	-	-	-
Percentage share in all visitors of the month travelling under the Individual Visit Scheme (IVS) (%)	-	-	-	-	-	-	-	-	-	-	-	-
Visitors travelling on “one trip per week” endorsements												
Number of visitors (‘000)	950	620	660	700	680	600	740	660	780	760	720	890
Percentage share in all IVS visitors of the month (%)	35	35	37	35	36	36	32	30	38	34	34	34

2018 (as at January)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Visitors travelling on multiple-entry endorsements*												
Number of visitors (‘000)	-	-	-	-	-	-	-	-	-	-	-	-
Percentage share in all visitors of the month travelling under the Individual Visit Scheme (IVS) (%)	-	-	-	-	-	-	-	-	-	-	-	-
Visitors travelling on “one trip per week” endorsements												
Number of visitors (‘000)	880	-	-	-	-	-	-	-	-	-	-	-
Percentage share in all IVS visitors of the month (%)	35	-	-	-	-	-	-	-	-	-	-	-

* 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)164

(Question Serial No. 5251)

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:

According to the major initiatives for 2010 under the Framework Agreement on Hong Kong/Guangdong Co-operation, Guangdong and Hong Kong will jointly promote the establishment of Mainland-Hong Kong joint venture travel agents in Guangdong. How many Mainland-Hong Kong joint venture travel agents are there in Guangdong at present? Please specify the travel agents concerned.

Asked by: Hon TAM Man-ho, Jeremy (Member Question No. (LegCo use): 709)

Reply:

There are currently 5 jointly-owned Hong Kong travel agents in Guangdong, namely Hong Thai International Travel Service Co., Ltd Guangzhou, TE Nice Tour (Shenzhen) Limited, Hong Thai International Travel Services (Shenzhen) Co., Ltd, Le You Wu Zhou International (Shenzhen Limited) and Shenzhen Yummy Holiday Travel Service Co., Ltd.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)165

(Question Serial No. 5254)

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:

How much of the budget of the Hong Kong Trade Development Council (TDC) in 2017-18 has been spent on regions and projects related to the "Belt and Road Initiative" (B&RI)? In the 2018-19 budget, what is the estimated expenditure of TDC on regions and projects related to B&RI?

Asked by: Hon TAM Man-ho, Jeremy (Member Question No. (LegCo use): 712)

Reply:

In 2017-18, the Hong Kong Trade Development Council (TDC) organised a variety of activities to help Hong Kong companies tap business opportunities under the Belt and Road Initiative. Among them, the Government and TDC organised the second Belt and Road Summit, attracting over 3 000 distinguished government officials and business leaders from 51 countries and regions, with over 170 investment projects featured and over 210 one-to-one business matching meetings arranged. To help consolidate Hong Kong's market status and its role as the commercial hub for the Belt and Road Initiative, TDC set up the Belt and Road Committee late last year. Through its five working groups targeted at different markets and business sectors, the Committee implemented a comprehensive programme for facilitating the participation of various sectors in Belt and Road development so that they could share the potential benefits brought about by the Initiative. TDC also promoted sectoral opportunities under the Belt and Road Initiative in other large-scale events, organised outbound missions to countries along the Belt and Road to help Hong Kong companies seize business opportunities; and strengthened the content and services of the Belt and Road Portal, including providing actual case references on services that can be provided by Hong Kong companies in countries along the Belt and Road, as well as expanding the database of Hong Kong service providers by adding content on key industry players in risk management, environmental and related technology sectors.

In 2018-19, TDC plans to set up consultant offices in Kazakhstan, Kenya and Saudi Arabia, as well as Hong Kong business associations in Brunei, Chile, Korea and Myanmar. In addition, TDC will establish a Belt and Road Global Forum to connect local, Mainland and international organisations and associations to enable them to tap the business opportunities arising from the Belt and Road Initiative through Hong Kong.

The Government and TDC will organise the third Belt and Road Summit on 28 June 2018. The Summit will target at the professional needs of potential investors and focus on the promotion of Hong Kong's strengths in infrastructure financing, risk management, dispute resolution, etc. The duration of the one-to-one business matching session will also be extended from half day to full day. In addition, TDC will continue to organise outbound missions for finance, infrastructure and professional services sectors to countries along Belt and Road, including ASEAN countries such as Cambodia, Indonesia, the Philippines, and Vietnam.

To strengthen market research and information, TDC will publish market research reports such as *Doing Business in India*, *Infrastructure Opportunities in Russia and Belarus*, etc, and launch a new e-newsletter featuring the latest Belt and Road intelligence and investment opportunities to help businesses grasp new market intelligence.

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

- End -

CONTROLLING OFFICER'S REPLY**(Question Serial No. 1100)**

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 allocation of \$310 million to the Ocean Park, will the Government inform this Committee of:

- (1) the methods by which the amount of \$310 million is calculated, the projects to be launched and the expenditure involved;
- (2) the details of financial assistance provided to the Ocean Park by the Government in the past; and
- (3) the principles based on which the Government has decided to provide funding instead of loans to support the development of the Ocean Park.

Asked by: Hon TIEN Puk-sun, Michael (Member Question No. (LegCo use): 19)

Reply:

The share of the family segment among all overnight visitors to Hong Kong rose from 10% in 2006 to 17% in 2016. To diversify our tourism products and attract more family visitors to Hong Kong, we announced in the 2018-19 Budget that a total of \$310 million would be allocated in the next few years to support the Ocean Park in developing education tourism projects and staging a new 3D projection-cum-water light show with local elements. These two items are time-limited measures to be implemented in the coming 5 years (2018-19 to 2022-23). The initial estimated annual expenditure is as follows –

Financial Year	2018-19 (\$ million)	2019-20 (\$ million)	2020-21 (\$ million)	2021-22 (\$ million)	2022-23 (\$ million)
Estimated Expenditure	26.3	61.8	103.2	89.2	29.5

The Ocean Park is an important tourist attraction in Hong Kong. Having considered its substantial experience in launching conservation-cum-edutainment programmes, we believe allocating funds to the Park to promote education tourism in the form of partnership would be beneficial to the tourism and economic development and strengthen Hong Kong's position as a premier destination for family visitors. Meanwhile, the Ocean Park will also utilize their own resources to upgrade the Park's facilities and step up promotion efforts in the major source markets. It would enhance the attractiveness of the new programmes to the tourists in the region and tie in with our policy objective of attracting high-yield overnight visitors. This is a joint project with contributions from both the Government and the Ocean Park, and is not suitable to be taken forward through loan arrangement.

In 2005 and 2013, the Finance Committee of the Legislative Council approved the proposals to provide the Ocean Park, through the Loan Fund, a subordinated loan of \$1,387.5 million for a period of 25 years for the Master Redevelopment Plan and a subordinated loan of \$2,290 million for a period of 20 years for the Tai Shue Wan Development Project respectively to facilitate the implementation of these development projects.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)167

(Question Serial No. 1103)

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 list out, by the categories of “Existing Attractions Revitalised” and “New Attractions Launched”, the tourist attractions rolled out by the Government in the past 10 years and the economic benefits they generated (if any).

Asked by: Hon TIEN Puk-sun, Michael (Member Question No. (LegCo use): 22)

Reply:

The Government attaches great importance to the tourism industry in Hong Kong and has devoted substantial resources to support its development. On hardware, the Government is striving to enhance the planning for tourist attractions and increase their competitiveness through various aspects in order to attract more high-spending overnight visitors to Hong Kong, and extend their length of stay, with a view to bringing tremendous economic benefits to Hong Kong and driving the growth of various tourism-related industries, such as hotel, air transport, catering and retail, etc.

To promote tourism products diversification and expand source markets, we have strengthened the strategic planning direction of promoting cultural and creative tourism in recent years, including revitalisation of historic buildings into creative and cultural landmarks as arranged or subsidized by the Government, for instance, the PMQ, Jao Tsung-I Academy, Tai O Heritage Hotel, Heritage of Mei Ho House and Comix Home Base etc., to enhance Hong Kong's tourism appeal in cultural and historical aspects. The Ani-Com Park@Harbour “FUN”, which is located near the Golden Bauhinia Square in Wan Chai North, has also provided for locals and visitors an exhibition area featuring local comic characters where they could take photos.

Promoting sustainable development of green tourism is also one of our major tasks. In 2009, Hong Kong Geopark became a National Geopark, and in 2011, it was accepted as a member of the Global Geoparks Network. It was then renamed “Hong Kong UNESCO Global Geopark” (the Geopark) in 2015. The Geopark has now become a highlight in promoting green tourism.

Moreover, the two theme parks in Hong Kong continue to make efforts in launching new facilities to attract more visitors. For instance, Hong Kong Disneyland Resort introduced in 2017 the “Iron Man Experience” ride featuring a story based in Hong Kong and then the new resort-style hotel with the theme of exploration, “Disney Explorers Lodge”. Furthermore, with the completion of the Master Redevelopment Plan in 2012, Ocean Park has become a world-class marine-themed park featuring more than 80 attractions. Currently, the two theme parks are actively taking forward their respective expansion projects, with a view to enriching visitors’ experience after their progressive completion in the coming few years.

To further exploit the potential of Hong Kong’s tourism resources and strengthen the competitiveness of Hong Kong as a major tourist destination in the region, the Government published the “Development Blueprint for Hong Kong’s Tourism Industry” in October 2017 setting out four development strategies, which includes nurturing and developing tourism products and initiatives with local and international characteristics like cultural tourism, heritage tourism, green tourism and creative tourism to facilitate the balanced, healthy and sustainable development of the tourism industry.

Through various measures and the concerted efforts of all parties concerned, tourism is now one of the pillar industries of Hong Kong which has been boosting economic growth of the city over the years. In 2016, the tourism industry contributed around 5% of Hong Kong’s Gross Domestic Product and employed around 260 000 persons.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)168****(Question Serial No. 1107)**

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 nurturing start-ups, will the Government advise this Committee:

- (1) of the numbers of start-ups in the past 5 years by sector with percentages out of the total number; and
- (2) whether the Government has formulated policies on support for start-ups in light of the characteristics of individual sectors; if yes, of the details and relevant expenditure.

Asked by: Hon TIEN Puk-sun, Michael (Member Question No. (LegCo use): 26)

Reply:

(1) To track the growth of the start-up ecosystem, Invest Hong Kong (InvestHK) has been conducting an annual survey since 2014 with major operators of co-work spaces, incubators and accelerators in Hong Kong. InvestHK has no information on start-ups other than those operating in the premises of these operators. The numbers of start-ups recorded and major sectors in the past four years are as follows:

Number of start-ups

Year	Number of start-ups
2014	1 065
2015	1 558
2016	1 926
2017	2 229

Breakdown by major sectors (based on the top 3 major sectors in 2016 survey)

	2014	2015	2016
	Number of start-ups (percentage of total)		
Information, Computer & Technology	273 (25.6%)	273 (17.5%)	401 (20.8%)
E-commerce, Supply Chain Management and Logistics Technology	106 (10.0%)	142 (9.1%)	249 (12.9%)
Professional or Consultancy Services	77 (7.2%)	137 (8.8%)	180 (9.3%)

Note:

1. Some start-ups were engaged in more than one sector.
2. In the 2017 survey, as some operators did not provide the sector(s) in which the start-ups were engaged, the survey results in 2017 did not have information on sector distribution.

(2) In 2017-18, the Hong Kong Trade Development Council (TDC) focused 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 included: transforming *World SME Expo* into *SmartBiz Expo*, which is a new mega expo focusing on innovation, technology and design to support a new generation of small and medium enterprises; transforming *Entrepreneur Day* into a start-up networking platform, and expanding the “Start-up Runway” therein into a two-day flagship conference; and organising a Young Business Leaders Forum concurrently with the Belt and Road Summit, etc.

In March 2018, TDC launched a brand new start-up development programme which helps start-ups with network building, market development and funding. Key activities include organising training workshops, meetings with business leaders, missions to Mainland and Asian cities, local exhibitions and overseas trade promotion events, etc. TDC will also develop a start-up portal and build an online community featuring star mentors. TDC will launch “Startup-Plus” for start-ups which have been operating for over three years and having attained a certain scale, to provide them a special pricing package for participating in TDC’s exhibitions and promotional services.

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

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)169****(Question Serial No. 2256)**

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 the new financial year, \$226 million will be provided for the Hong Kong Tourism Board (HKTb) to implement the Development Blueprint for Hong Kong's Tourism Industry. What promotion programmes will be included in this respect?

Would HKTb give a detailed breakdown of all promotion programmes and their respective expenditures?

Asked by: Hon TSE Wai-chun, Paul (Member Question No. (LegCo use): 37)

Reply:

The Hong Kong Tourism Board (HKTb) was allocated an additional funding of \$226 million by the Government in the 2018-19 Budget to launch the following initiatives to tie in with the strategic directions as set out in the Government's Tourism Blueprint -

Tourism projects to be implemented	Additional funding amount in 2018-19 (\$ million)
<u>Strategy 1:</u> To develop a diversified portfolio of visitor source markets for Hong Kong, with a focus on attracting high value-added overnight visitors (1) Thematic advertising in source markets (2) District programmes	84

Tourism projects to be implemented	Additional funding amount in 2018-19 (\$ million)
(3) Waiver of participation fees of local travel trade in joining overseas promotions (4) Participating in overseas promotional events organised by the Trade Development Council (5) Overseas promotion for new tourism offerings	
Strategy 2: To nurture and develop tourism products and initiatives with local and international characteristics (6) Stepping up promotions for the Express Rail Link Hong Kong Section and the Hong Kong-Zhuhai-Macao bridge (7) Stepping up promotions of green tourism (8) Subsidising the travel trade to attract more small- and medium- sized MICE events to Hong Kong (9) Enriching mega events' content and enhancing promotions of various large-scale events (10) Promoting "Fly-Cruise" and "Rail-Cruise" programme (11) Collaborating with cruise lines to develop more source markets	120
Strategy 3: To develop smart tourism (12) Revamping discoverhongkong.com website (13) Enhancing digital platforms' content	13.73
Strategy 4: To upgrade the service quality of tourism industry (14) Stepping up promotions of the "Quality and Honest Hong Kong Tour" and the "Quality Tourism Services" schemes	8
Total	226

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)170

(Question Serial No. 2257)

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 addition to the \$226 million to be provided for the Hong Kong Tourism Board (HKTb) for tourism promotion in the new financial year, will the Financial Secretary advise this Committee since the past 5 financial years,

1. what is the total amount of funding allocated to the HKTb for tourism promotion and operating expenses?
2. how has the cost effectiveness of such a huge sum of expenses incurred for tourism promotion been reviewed?
3. has any consideration been given to using part of the provision to the HKTb to develop and improve tourism hardware for the greater benefit of tourism development in Hong Kong, such as (1) the construction of a waterfront promenade connecting Kwun Tong and Lei Yue Mun; and (2) the construction of a link bridge between Kwun Tong and the tip of the Kai Tak Cruise Terminal (including the simpler proposal for constructing a retractable floating bridge using the existing dam of the typhoon shelter), as proposed to the Government by the Kwun Tong District Council and me on many occasions to enhance the two-way visitor flows between the Kai Tak Cruise Terminal, Kwun Tong and Kowloon Bay? If yes, what are the details? If no, will the Government reassess these proposals and consider in detail the proportion of funding allocated for tourism promotion and enhancement/provision of tourism hardware before granting fund to the HKTb in the future budget exercises?

Asked by: Hon TSE Wai-chun, Paul (Member Question No. (LegCo use): 38)

Reply:

1. The subvention that the Government allocated to the Hong Kong Tourism Board (HKTb) (including tourism promotion and operating expenses) in 2014-15 to 2018-19 are tabulated below –

Financial Year(s)	Subvention (\$ million)
2014-15	667.9
2015-16	758.6
2016-17	883.2
2017-18	951.2
2018-19	950.9

2. The Government has all along attached importance to HKTb's promotion work, and requests HKTb to report the progress and achievements to the Tourism Commission, in order to ensure that the public money is well spent. To this end, the Government and HKTb have set up 5 indicators, including visitor arrivals, tourism expenditure associated with inbound tourism, per capita expenditure of overnight visitor, length of stay of overnight visitors (nights) and satisfaction of overnight visitors (score out of 10). The achievements of indicators are reported in the Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)'s Controlling Officer's Report in the Budget annually, with a view to reflecting the current situation and outlook of the tourism industry as a whole.

In addition, based on its strategies each year, HKTb will set up key performance indicators and will regularly report to the Government the progress and achievements of its promotion work.

3. In face of the ever-intensifying competition, it is important for the Government to continue to invest sufficient resources for global marketing efforts to ensure a balanced, healthy and sustainable development of the tourism industry and 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 maximise the benefits of the tourism industry to the overall economy. In fact, tourism promotion work and enhancement of tourism supporting facilities are complementary to each other and there is not any conflict between them. The Tourism Commission will continue to maintain close contact with relevant government departments, the HKTb and the tourism sector to review on the tourism supporting facilities provided in Hong Kong for suitable improvement and follow-up actions, with a view to ensuring the provision of suitable and sufficient supporting facilities for visitors and facilitating them to tour around Hong Kong.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)171

(Question Serial No. 2258)

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:

Which major tourist spots will be provided with “design elements”, “I&T application” and “light and art installations” by the Tourism Board? Please advise the estimated expenditure for each “major tourist spot”.

Asked by: Hon TSE Wai-chun, Paul (Member Question No. (LegCo use): 39)

Reply:

The Hong Kong Tourism Board (HKTb) endeavoured to incorporate various characteristic design and digital application elements into its tourism promotion programmes.

The HKTb launched a brand-new programme “Old Town Central” in April 2017 to repackage and promote the diverse tourism appeal of Central. Initiatives include recommending a number of thematic walking routes to introduce heritage buildings and landmarks, arts and culture, lifestyle as well as dining and entertainment offerings in the district, for visitors to explore the Central neighbourhood with elements of history, art, culture and entertainment according to their interests and at their own pace.

In its “Old Town Central” promotion campaign, the HKTb introduced a pilot project to put in place QR Codes at tourism attractions to provide related information. For instance, a number of uniquely designed QR code applications were placed at various locations in Central such as PMQ, the Man Mo Temple, the Bridges Street Centre of the Chinese YMCA of Hong Kong and Lan Kwai Fong, to allow visitors to obtain information of “Old Town Central” and the recommended routes by scanning the codes, so as to increase their knowledge of Central’s offerings of living culture, dining, history and art.

The HKTB also organised “The Old Town Central Lamppost Design Competition” in collaboration with the Hong Kong Institute of Architects, the Hong Kong Institute of Urban Design, Brand Hong Kong, the Central & Western District Council and Lumieres Hong Kong. Lampposts in the Central and Sheung Wan area were decorated by the winning pieces from this competition for a limited time, to enhance the charm of “Old Town Central” for visitors and locals. QR codes were also placed on the lampposts to help visitors experience the “Old Town Central” in depth.

The HKTB will continue to incorporate characteristic design and digital application elements into its future promotion programmes, the expenditure of which will be subsumed into various promotion aspects of the HKTB.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)172

(Question Serial No. 2259)

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:

What are the details of the “design elements”, “I&T application” and “light and art installations” stated in paragraph 106 of the Budget Speech? What is the estimated expenditure for each of them?

How can it be ensured that the above work to blend with “district characteristics” at major tourist spots will not be an unnecessary act which does more harm than good, wastes public money and spoils the original local landscape?

Asked by: Hon TSE Wai-chun, Paul (Member Question No. (LegCo use): 40)

Reply:

The Government of this term has set out a comprehensive “Development Blueprint for Hong Kong’s Tourism Industry” (the Development Blueprint), which outlines the vision and mission of tourism development for developing Hong Kong into a world-class premier tourism destination and ensuring the balanced, healthy and sustainable development of the industry.

The Development Blueprint covers four development strategies, including nurturing and developing tourism products and initiatives with local characteristics and promoting cultural, heritage, green and creative tourism. In this connection, the Government has allocated additional funding in 2018-19 to the Tourism Commission for providing new experience for visitors by incorporating design elements and making use of innovation and technology application as well as light and art installations that blend with district characteristics at major tourist spots. Details of the three new projects involved are as follows –

- we will, through collaboration with different sectors, turn Sham Shui Po and Wan Chai into appealing tourism spots by introducing design elements and distinctive street art creativity into place-making works, local comic characters with Hong Kong's originality, multimedia and creative technology etc., so as to bring different travelling experiences to visitors. Besides, we will organise a creative tourism event with fashion parade in Sham Shui Po and Wan Chai in end this year and invite local designers to participate, in order to complement the development of fashion industry in Sham Shui Po and foster the development of both creative and tourism industries of Hong Kong in a mutually beneficial way. The estimated expenditure in 2018-19 for taking forward this project is \$20 million;
- we plan to partner with a local creative media school to take forward a project in bringing visitors back to life the history of individual landmarks of Hong Kong by using augmented reality and creative multimedia technology through mobile application to enable visitors to understand the historical landscape and community culture, thereby enhancing their experience in Hong Kong. The first phase of this 3-year project is tentatively scheduled for launching in the Tsim Sha Tsui and Central areas in late 2018 and Sham Shui Po and other locations will be included thereafter. The estimated expenditure in 2018-19 for taking forward this project is \$15 million; and
- to enhance the tourism characteristics of Victoria Harbour and its promenade, we will set up light installations at the Central and Western District Promenade (Central Section) and Tamar Park. We are drawing up the project's plan and will announce the details in due course. The estimated expenditure in 2018-19 for taking forward this project is \$10 million.

The above tourism projects will complement the unique culture, history and scenery of the districts involved and showcase district characteristics, thereby allowing visitors to experience Hong Kong's own tourism appeal.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)173****(Question Serial No. 5798)**

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 Commerce and Economic Development Bureau, Tourism Commission, Commissioner for Tourism and other departments concerned are incapable of properly monitoring the operation of the Kai Tak Cruise Terminal (KTCT). With a large proportion of vacant shops, the KTCT building looks deserted all year round as if it has become the “Mortuary of Kowloon East”. A huge investment costing \$8.2 billion of public money, the KTCT has yielded no economic benefits in return, thus drawing severe criticism from the media, the Legislative Council and the public year after year. Will the Secretary inform this Committee of the following:

1. What were the amounts of operational expenditure (on maintenance, manpower and public utilities such as electricity tariff), rental income and operational loss incurred by the KTCT building in the past 3 financial years? What are the respective amounts to be incurred in the coming financial year?
2. What is the accumulated loss incurred by the KTCT building since its commissioning?
3. What policies and measures will be taken to reduce operational loss in the coming financial year?
4. Some members of the public have named the KTCT as “Mortuary of Kowloon East” or “Siberia of Kowloon East” to describe the despairing desolation therein. They also suggest that the Government, being clueless about how to tackle the gloomy business environment of the KTCT, should promptly invite the operator of both the Ocean Terminal and the Harbour City, or the other operator of Lai Kwai Fong and previously the Ocean Park, to take up the operation of the KTCT. Will the Secretary adopt the above advice in the coming financial year to rejuvenate the KTCT on the one hand, and reduce its operational loss, hence the loss in public money, on the other?

5. It so happens that the Government plans to build a 5-storey columbarium with 25 000 niches at Cape Collinson. Some therefore suggest that if the Government is reluctant to outsource the operation of the KTCT and yet incapable of turning deficits into profits, it should instead convert the KTCT building into a sizeable columbarium in Kowloon East so as to “revitalise” the KTCT. Deficiency in niche supply can be solved in the long run by selling these pricey niches; income can be generated by charging monthly management fees on the niches; and more visitors will be drawn to the KTCT and the restaurants therein for attending spring and autumn ancestral worship as well as consolation feasts, thereby making full use of the precious land resources. When the time comes that all attempts are proved futile, will the Government resolve to give a final try by adopting the above public suggestions? Will the Government also consider inviting renowned architect PEI Ieoh-ming, designer of the Bank of China Tower, the Museum of Islamic Art in Doha and The Louvre in France, to assist in building a new JAO Tsung-i Academy at the far end of the KTCT, with the aim of transforming the KTCT into a new tourist attraction for paying tribute to ancestors and promoting Sinology?

Asked by: Hon TSE Wai-chun, Paul (Member Question No. (LegCo use): 60)

Reply:

1., 2. & 4.

The Kai Tak Cruise Terminal (KTCT) is an important infrastructure for the development of cruise tourism in Hong Kong and is currently managed by a terminal operator on commercial basis. The terminal operator has to pay the Government fixed rent and variable rent. The total amount of the fixed rent over the 10-year operation period would be about \$13 million. The variable rent payable to the Government is set as a percentage of the terminal operator’s gross receipts, ranging from 7.3% to 34%. The specific amounts of variable rent involve commercial information of the terminal operator and cannot be disclosed. Apart from that, the terminal operator is responsible for the maintenance of some of the facilities and for paying the utility charges for the operation area of the terminal building (e.g. water charges and energy charges).

In 2015-16, 2016-17 and 2017-18, the actual recurrent operating expenditure of the Commerce and Economic Development Bureau on the KTCT were \$69.81 million, \$71.79 million and \$73.59 million respectively. The expenditure mainly covered the repair and maintenance of the electrical and mechanical facilities in the terminal, management fees of the communal areas, as well as the utility charges for the communal areas and facilities. As mentioned above, the operator is responsible for part of the expenses, therefore, the Government would recover from the terminal operator part of its recurrent operating expenditure.

The primary objective of constructing the KTCT is to provide berthing capacity for large cruise ships and to provide immigration and other facilities to handle a large number of cruise passengers at the time during cruise ships at berth, so as to provide efficient services and convenient experiences to cruise passengers. The KTCT is not positioned as a shopping mall, and it has only seven shops at its ancillary commercial areas and all of which are currently leased out. One of the merchants has ceased operation due to its own

operational issues. However, for better utilisation of the facilities thereat, there is a park at the rooftop of the KTCT building that is open all year-round for use by members of the public as well as visitors. On the other hand, we also encourage the hosting of different kinds of non-cruise events at the KTCT, provided that they do not compromise cruise operations.

In 2017, there were 161 calendar days with cruise ships berthing at the KTCT. In other words, there were cruise ships at berth almost every other day. In fact the number of ship calls and passenger throughout of Hong Kong as a whole in 2017 have, ahead of plan, achieved the then projected performance by 2023. Besides, since the commissioning of the KTCT, there have been different kinds of non-cruise events taking place at the KTCT involving a total of around 190 calendar days (including setting up, dismantling and reinstatement) with participants of each event ranging from several hundreds to over 50 000.

As we have mentioned in the discussion paper and the supplementary information paper submitted to the Legislative Council Panel on Economic Development earlier, the Government is adopting multi-pronged strategy and plan to further enhance the vibrancy of the KTCT as well as to bring more people thereto. In gist, we are continuously improving the transport infrastructure and services so as to enhance the accessibility of the KTCT. In terms of public transport services, there are currently franchised buses, green minibuses and ferries providing daily services that connect the KTCT and the vicinity with other locations. In the first half of this year, there will be a new franchised bus route connecting the KTCT. We are also leveraging on and exploiting the opportunities brought about by the operation of the ancillary commercial areas (e.g. striving to ensure that the ancillary commercial areas are fully let, facilitating the shops to make good use of the communal areas of the KTCT to organise activities, and arranging the setting up of small-scale pop-up stores at the passenger waiting halls of the KTCT during the days with ship calls for selling souvenirs and drinks). We will continue to drive and facilitate the hosting of more non-cruise events at the KTCT, including further exploring ways to identify slots for more non-cruise events at the KTCT notwithstanding the increasingly busy cruise schedule. We are exploring to partner with non-governmental organisations, such as sports associations in Hong Kong, to support their use of the communal areas and facilities of the KTCT for organising events. We will also continue to facilitate the trade in bringing more tour groups to the open space of the KTCT (e.g. the KTCT Park at the rooftop and the adjacent Runway Park).

The terminal operator has, through the Travel Industry Council of Hong Kong, disseminated information to the trade (including tour operators that receive Mainland tour groups) on the arrangements for bringing tour groups to the KTCT (e.g. pick-up and drop-off arrangements for coach buses), as well as encouraged them to arrange more tour groups to the KTCT. As observed recently, there have been more tour operators arranging tour groups (including Mainland visitors) to visit the open space of the KTCT.

The Government and the terminal operator are willing to consider any proposals which can bring more people to the KTCT to use the facilities thereat, provided that the proposals do not compromise cruise operation.

As mentioned above, the KTCT is currently managed by a terminal operator on commercial basis. The operator is responsible for its own profit and loss, the specific amount of which involves commercial information of the terminal operator and cannot be disclosed.

3.

The Government is committed to developing Hong Kong into a cruise hub in the region and has formulated a set of comprehensive strategies and directions for cruise tourism development to seize the opportunities brought about by the growth in the international cruise tourism market, as well as to ensure the balanced, healthy and sustainable development of cruise tourism in Hong Kong. The specific strategic directions pursued by the Government in developing cruise tourism include driving more ship deployment to Hong Kong; cultivating Hong Kong as a cruise destination; diversifying cruise tourism market; and elevating Hong Kong's profile in the international cruise trade.

Every year, the Government reviews the relevant strategies and directions having regard to the latest development of the market and in consultation with the trade. Subsequently, the Government would launch corresponding initiatives accordingly. Amongst other initiatives, the Government provides funding support to the Hong Kong Tourism Board (HKTB)'s work in promoting the development of cruise tourism.

In 2018-19, the Government will allocate an additional provision of \$14 million for the HKTB to ensure the sustainable growth of cruise tourism by leveraging on the strengths of Hong Kong, consolidating the established diversified source markets, as well as seizing the opportunities brought about by the commissioning of the cross-boundary transport infrastructure. Specific initiatives include continuing with the promotion on "fly-cruise" tourism; seizing the opportunities brought about by the upcoming commissioning of the Guangzhou-Shenzhen-Hong Kong Express Rail Link (XRL), by encouraging the trade to launch travel products that bundle XRL with cruise travel; and launching promotion campaigns targeting some of the Mainland cities along the express railway network, with a view to cultivating more source markets and increasing the depth of market penetration. In addition, the HKTB will leverage on the competitive advantages of Hong Kong in terms of tourist attractions to launch special offer packages that cover cruise and attractions, with a view to further consolidating the source markets in southern China. We believe that the above measures can foster the development of cruise tourism in Hong Kong and improve the business of the terminal operator.

5.

As mentioned above, the primary objective of constructing the KTCT is to provide berthing capacity for large cruise ships and to provide immigration and other facilities to handle a large number of cruise passengers at the time during cruise ships at berth. The KTCT does not have any space for conversion into columbarium. The proposal is also not compatible with the use of the KTCT as an important tourism infrastructure, and it is not an approved land use under the prevailing Kai Tak Outline Zoning Plan. The proposal would not help bringing more people to the terminal building and enhancing the vibrancy thereat. There is also no venue for the establishment of a new tourist attraction at the tip of the KTCT.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)174

(Question Serial No. 5832)

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 district programmes in Sham Shui Po will the Hong Kong Tourism Board organised in the new financial year? What is the expenditure for the programmes in this connection?

Asked by: Hon TSE Wai-chun, Paul (Member Question No. (LegCo use): 92)

Reply:

The Hong Kong Tourism Board (HKTB) believes that by promoting in-depth travel experience in Hong Kong, the tourism appeal of the district as well as Hong Kong as a whole will be elevated. Therefore, in 2018-19, the HKTB will continue to promote "Old Town Central" and launch a new programme for Sham Shui Po with a view to promoting the diverse local culture of the area.

The Sham Shui Po district promotion programme is expected to be launched in mid-2018, encompassing a majority of areas in the district (Eastern boundary: Tai Po Road; Southern boundary: Boundary Street; Western boundary: Tonkin Street and Tung Chau Street; Northern boundary: Nam Cheong Street; Cross-sectioned by: Yen Chow Street, Nam Cheong Street, Cheung Sha Wan Road and Lai Chi Kok Road).

The entire programme will carry a theme of "living museum" to showcase the daily life of Hong Kong people featuring four basic elements:

- Clothing: The quest for DIY materials and best value-for-money clothing
- Dining: Savour local culinary delights
- Living: Learn about the history and development of Hong Kong's public housing
- Urban walks: Stroll along alfresco markets like treasure-hunt

The HKTB's total proposed marketing budget in 2018-19 is approximately \$401.2 million (excluding the additional funding as stated in the Budget), which has covered the expenditure for the Sham Shui Po district promotion. As the expenditure for publicity of district promotion has been subsumed into various promotion aspects of the HKTB, it is difficult to break down and quantify the relevant expenditure items separately.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)175

(Question Serial No. 5833)

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 expenditures for “Light Shows” and “A Symphony of Lights” in the new financial year?

Quite a number of members of the public criticised “A Symphony of Lights” for being a mere waste of public money and failing to attract visitors. Have the Hong Kong Tourism Board, the Tourism Commission and the Commerce and Economic Development Bureau considered whether the expenditure on “A Symphony of Lights” be increased, decreased, updated or continued from the perspective of cost-effectiveness after years of spending money on it?

Asked by: Hon TSE Wai-chun, Paul (Member Question No. (LegCo use): 93)

Reply:

In 2017-18, the Government provided an additional funding of \$100 million to the Hong Kong Tourism Board (HKTb) for launching light shows and updating “A Symphony of Lights” for three consecutive years (from 2017-18 to 2019-20) with a view to providing visitors with a new experience. In December 2017, the Tourism Commission and HKTb had rolled out an updated version of “A Symphony of Lights” through updating the lighting effects and music of the show.

In 2018-19, it is anticipated that about eight buildings will participate in “A Symphony of Lights”. The Tourism Commission, in collaboration with the HKTb, will continue to update “A Symphony of Lights” with a view to enhancing the attractiveness of the show as well as uplifting Victoria Harbour’s night vista.

“A Symphony of Lights” has all along been one of the major tourism attractions. According to a survey commissioned by the HKTb on updated “A Symphony of Lights” in December 2017, visitors’ feedback indicated that their satisfactory level of the show reached a score of 8.1 (full score is 10). Over 90% of the visitors agreed that the show enhanced their satisfactory level of their trip to Hong Kong as well as their intention to revisit Hong Kong. 99% of the visitors agreed that the show enhanced the night vista of the Victoria Harbour and provided an incentive to recommend the show to friends.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)176

(Question Serial No. 5834)

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. What are the development cost, estimated operating cost and recurrent expenditure for the development, operation and enhancement of the “My Hong Kong Guide” application (“app”)? What is the method for using the app? What content does it contain?
2. How many times has the above app been downloaded? When finalising the development, operation and enhancement of the app, had the Government considered setting a benchmark of reasonable number of app users from a cost-effectiveness point of view? If it had, what are the details? If it had not, what are the reasons?
3. Are the Hong Kong Tourism Board’s own staff responsible for the development, operation and enhancement of the app? If the work has been contracted out, what are the details and expenditure involved?
4. Many members of the public have reported various types of system fault (including abrupt closing of the app without warning, loss of data, etc.) after downloading the app. Besides, some travellers have said that they would not recommend downloading the app because it has no useful content and the design is counter-intuitive. In the new financial year, will the Government allocate resources to the improvement and maintenance of the app so as to attract a higher level of use by travellers and enrich their travel experience in Hong Kong? If yes, what are the details, and the financial resources and staff establishment involved? If no, what are the reasons?

Asked by: Hon TSE Wai-chun, Paul (Member Question No. (LegCo use): 94)

Reply:

(1) to (4)

In 2014, in response to the needs of visitors, the Hong Kong Tourism Board (HKTb) commissioned a professional mobile application developer to develop and operate the “My Hong Kong Guide” mobile application. The total development cost was about \$800,000, annual operating cost including content update and promotion is about \$700,000.

The “My Hong Kong Guide” mobile application provides an all-encompassing travel guide to visitors. Visitors may choose their favourites from more than a thousand attractions, dining and shopping hot spots. They may also make reference to the recommendations by travel experts to plan their itineraries. Coupons for dining, shopping and accommodation are also available for download through the application. By the end of 2017, more than 630 000 coupons have been downloaded by visitors.

In response to the needs of Free Independent Travellers, the HKTb will reposition the “My Hong Kong Guide” mobile application in 2018-19 to become a smart tool to assist travellers with in-town exploration. The navigation function will be enhanced to help visitors easily determine the route to their destinations. Based on the geographic location of the user, the mobile application will provide information on tourist attractions, restaurants and shops nearby, and will send push notifications with related e-coupon offers provided by the local trade.

As the work will be undertaken by the HKTb Head Office and the manpower involved will be engaged in other tasks concurrently, it is therefore difficult to break down and quantify separately.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)177

(Question Serial No. 5835)

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 “digital marketing”, “social media” and “public relations programmes” will be launched by the Hong Kong Tourism Board to showcase the diverse experiences and the new tourism offerings of Hong Kong? What are the estimated expenditure and the projected cost for each digital marketing, social media and public relation programme?

Asked by: Hon TSE Wai-chun, Paul (Member Question No. (LegCo use): 95)

Reply:

To further promote Hong Kong's diverse and unique tourism appeal, the Hong Kong Tourism Board (HKTB) rolled out in 2016 a new brand campaign entitled “Best of all, it's in Hong Kong”,. The new brand showcases Hong Kong's essence of “non-stop intensity”, “compact variety”, “fascinating contrasts”, and “distinctly trendy”, as well as promotes Hong Kong as a “safe and hospitable” city that offers a wide range of experiences, including living culture, arts and entertainment, sports and outdoors, shopping, dining, nightlife and attractions.

In 2018-19, in view of travellers' growing interest in unique and in-depth travel experiences, the HKTB, building upon the success of the above campaign, will enhance communication by inviting local personalities from different walks of life to share their authentic Hong Kong stories through digital marketing, social media and public relations campaign to encourage visitors to discover Hong Kong like a local. The HKTB will also strengthen its promotion of Hong Kong's 11 core experiences, including Chinese festivals, Western festivals, local culture, art, entertainment, sports, the outdoors, shopping, dining, nightlife and attractions.

For digital and social media, relevant promotion initiatives include enriching the contents on digital and social media platforms, extending reach through digital platforms and upgrading digital tools for smart travel initiatives.

(1) Enrich the content on digital and social media platforms:

- The HKTb will collaborate with local and overseas media, local personalities and cultural organisations to create engaging content highlighting core experiences in the city through a creative, storytelling approach with the filming technology such as 360 degree panoramic views, and the use of drone and virtual reality technologies. Contents will be distributed through various channels to promote Hong Kong's unique tourism appeal. In addition, the HKTb will also enhance interaction with consumers through creative formats such as live broadcasts and online voting.

(2) Extend reach through digital platforms:

- The HKTb will 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 working with popular travel portals such as TripAdvisor and online travel agents to create feature content on Hong Kong's diverse travel experiences;
- Leveraging authentic and user-generated content online to encourage visitors to share videos, images and articles about their Hong Kong experience on the HKTb's digital platforms. These contents will be re-posted by the HKTb to further enhance their effectiveness in promoting Hong Kong's unique appeal to other viewers, drawing their further interest in visiting Hong Kong; and
- Collaborating with online celebrities and Instagrammers in source markets, inviting them to share their Hong Kong experiences on major video or social media platforms to entice more visitors.

(3) Upgrade digital tools for smart travel initiatives:

- Updating Insider's Guide with the content of special districts;
- Repositioning the *My Hong Kong Guide* mobile application to become a smart tool to assist free independent travellers with in-town exploration. There will be enhancement of functions in navigation and pushing notifications with related e-coupon offers provided by the local trade etc;
- Developing a Chatbot in the HKTb Facebook Messenger account to answer travel-related enquiries; and

- Displaying QR codes at attractions for visitors who want to get more information about the attraction, such as its historical background, interesting facts and related routes. Virtual Reality (VR) technology will also be adopted to show visitors the old Hong Kong.

For public relations, relevant initiatives include launching a new global PR campaign—“Hong Kong Stories”, leveraging global and local TV networks to enhance promotion to consumers and maximising Hong Kong’s presence through films and online news platforms.

(1) Launch a new global PR campaign –“Hong Kong Stories”:

- The HKTb will launch its global PR promotion with “Hong Kong Stories” as the theme. Overseas TV networks and media organisations will be invited to experience and cover stories on Hong Kong’s unique travel experiences, local culture and major events, shared by personalities from different walks of life; and
- The HKTb will continue to collaborate with global TV network CNN.com to host dedicated web pages about Hong Kong travel, featuring stories about traditional culture and personalities, in the promotion of Hong Kong’s diverse travel experiences and distinctive events.

(2) Leverage global and local TV networks to enhance promotion to consumers:

- In 2018-19, the HKTb will continue to invite global and regional TV networks, as well as world-famous TV production firms, to film in Hong Kong in tandem with the HKTb’s various district promotions, including “Old Town Central”, to highlight Hong Kong’s distinctive local culture; and
- The HKTb will continue to invite international media organisations to Hong Kong to experience the various appeals of Hong Kong during period of the mega events organised and to feature other local events, living culture and lesser-known tourism appeals.

(3) Maximise Hong Kong’s presence through films and online news platforms:

- HKTb will provide different kinds of support to production companies that film in Hong Kong, such as providing advice and assistance on filming locations and liaising with venue providers, to attract more filming projects to Hong Kong. To drive more international exposure, the HKTb will roll out promotional campaigns through public relations, and digital and social platforms when the films are released;
- The HKTb will strengthen its collaboration with major online news portals in various source markets, such as The Guardian (UK), Tencent (the Mainland) and Toronto Star (Canada), to communicate Hong Kong’s travel appeals to local consumers; and

- The HKTB will also continue to work with global newswires and stock photo agencies, and through their extensive networks, disseminate stories, photos and videos capturing unique features and major events held in Hong Kong to media organisations worldwide, generating more international exposure for Hong Kong.

In 2018-19, the HKTB will earmark a budget of \$117.5 million from its proposed marketing budget for the aforementioned initiatives in consolidating the “Hong Kong • Asia’s World City” brand, and stepping up public relations and digital media promotions.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)178

(Question Serial No. 5836)

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 is the estimated expenditure of the Hong Kong Tourism Board for organising public relations programmes through the DiscoverHongKong.com website, YouTube, social media websites and mobile applications in the new financial year? What are the public relations programmes and the expenditures involved? How will the effectiveness of the expenditure be assessed?

Asked by: Hon TSE Wai-chun, Paul (Member Question No. (LegCo use): 96)

Reply:

To further promote Hong Kong's diverse and unique tourism appeal, the Hong Kong Tourism Board (HKTB) rolled out in 2016 a new brand campaign entitled "Best of all, it's in Hong Kong",. The new brand showcases Hong Kong's essence of "non-stop intensity", "compact variety", "fascinating contrasts", and "distinctly trendy", as well as promotes Hong Kong as a "safe and hospitable" city that offers a wide range of experiences, including living culture, arts and entertainment, sports and outdoors, shopping, dining, nightlife and attractions.

In 2018-19, in view of travellers' growing interest in unique and in-depth travel experiences, the HKTB, building upon the success of the above campaign, will enhance communication by inviting local personalities from different walks of life to share their authentic Hong Kong stories through digital marketing, social media and public relations campaign to encourage visitors to discover Hong Kong like a local. The HKTB will also strengthen its promotion of Hong Kong's 11 core experiences, including Chinese festivals, Western festivals, local culture, art, entertainment, sports, the outdoors, shopping, dining, nightlife and attractions.

For digital and social media, relevant promotion initiatives include enriching the contents on digital and social media platforms, extending reach through digital platforms and upgrading digital tools for smart travel initiatives.

(1) Enrich the content on digital and social media platforms:

- The HKTB will collaborate with local and overseas media, local personalities and cultural organisations to create engaging content highlighting core experiences in the city through a creative, storytelling approach with the filming technology such as 360 degree panoramic views, and the use of drone and virtual reality technologies. Contents will be distributed through various channels to promote Hong Kong's unique tourism appeal. In addition, the HKTB will also enhance interaction with consumers through creative formats such as live broadcasts and online voting.

(2) Extend reach through digital platforms:

- The HKTB will 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 working with popular travel portals such as TripAdvisor and online travel agents to create feature content on Hong Kong's diverse travel experiences;
- Leveraging authentic and user-generated content online to encourage visitors to share videos, images and articles about their Hong Kong experience on the HKTB's digital platforms. These contents will be re-posted by the HKTB to further enhance their effectiveness in promoting Hong Kong's unique appeal to other viewers, drawing their further interest in visiting Hong Kong; and
- Collaborating with online celebrities and Instagrammers in source markets, inviting them to share their Hong Kong experiences on major video or social media platforms to entice more visitors.

(3) Upgrade digital tools for smart travel initiatives:

- Updating Insider's Guide with the content of special districts;
- Repositioning the *My Hong Kong Guide* mobile application to become a smart tool to assist free independent travellers with in-town exploration. There will be enhancement of functions in navigation and pushing notifications with related e-coupon offers provided by the local trade etc;
- Developing a Chatbot in the HKTB Facebook Messenger account to answer travel-related enquiries; and

- Displaying QR codes at attractions for visitors who want to get more information about the attraction, such as its historical background, interesting facts and related routes. Virtual Reality (VR) technology will also be adopted to show visitors the old Hong Kong.

For public relations, relevant initiatives include launching a new global PR campaign—“Hong Kong Stories”, leveraging global and local TV networks to enhance promotion to consumers and maximising Hong Kong’s presence through films and online news platforms.

(1) Launch a new global PR campaign –“Hong Kong Stories”:

- The HKTb will launch its global PR promotion with “Hong Kong Stories” as the theme. Overseas TV networks and media organisations will be invited to experience and cover stories on Hong Kong’s unique travel experiences, local culture and major events, shared by personalities from different walks of life; and
- The HKTb will continue to collaborate with global TV network CNN.com to host dedicated web pages about Hong Kong travel, featuring stories about traditional culture and personalities, in the promotion of Hong Kong’s diverse travel experiences and distinctive events.

(2) Leverage global and local TV networks to enhance promotion to consumers:

- In 2018-19, the HKTb will continue to invite global and regional TV networks, as well as world-famous TV production firms, to film in Hong Kong in tandem with the HKTb’s various district promotions, including “Old Town Central”, to highlight Hong Kong’s distinctive local culture; and
- The HKTb will continue to invite international media organisations to Hong Kong to experience the various appeals of Hong Kong during period of the mega events organised and to feature other local events, living culture and lesser-known tourism appeals.

(3) Maximise Hong Kong’s presence through films and online news platforms:

- HKTb will provide different kinds of support to production companies that film in Hong Kong, such as providing advice and assistance on filming locations and liaising with venue providers, to attract more filming projects to Hong Kong. To drive more international exposure, the HKTb will roll out promotional campaigns through public relations, and digital and social platforms when the films are released;
- The HKTb will strengthen its collaboration with major online news portals in various source markets, such as The Guardian (UK), Tencent (the Mainland) and Toronto Star (Canada), to communicate Hong Kong’s travel appeals to local consumers; and

- The HKTB will also continue to work with global newswires and stock photo agencies, and through their extensive networks, disseminate stories, photos and videos capturing unique features and major events held in Hong Kong to media organisations worldwide, generating more international exposure for Hong Kong.

In 2018-19, the HKTB will earmark a budget of \$117.5 million from its proposed marketing budget for the aforementioned initiatives in consolidating the “Hong Kong • Asia’s World City” brand, and stepping up public relations and digital media promotions.

The following table shows the results of promotions on major digital media, social platforms and public relations achieved by the HKTB last year.

	Results
Major digital platforms	
Page views of DiscoverHongKong.com (2017)	Over 120 million
Accumulated figure of fans on social media (until 2017)	Over 8.9 million
Cumulative downloads for My Hong Kong Guide mobile app (until 2017)	Over 630 000
Public Relations	
Global publicity value (2017)	Over \$7 billion

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)179

(Question Serial No. 5837)

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. What is the estimated expenditure for taking forward the “Best of All, it’s in Hong Kong” campaign?
2. How will the campaign “showcase the city’s unique and diversified experience” and “establish differentiation from other destinations”?
3. Which districts will be covered by the campaign in addition to the Old Town Central and Sham Shui Po District?

Asked by: Hon TSE Wai-chun, Paul (Member Question No. (LegCo use): 97)

Reply:

1. & 2.

To further promote Hong Kong’s diverse and unique tourism appeal, the Hong Kong Tourism Board (HKTb) rolled out in 2016 a new brand campaign entitled “Best of all, it’s in Hong Kong”. The new brand showcases Hong Kong’s essence of “non-stop intensity”, “compact variety”, “fascinating contrasts”, and “distinctly trendy”, as well as promoting Hong Kong as a “safe and hospitable” city that offers a wide range of experiences, including living culture, arts and entertainment, sports and outdoors, shopping, dining, nightlife and attractions.

In 2018-19, the proposed budget in consolidating globally the “Hong Kong · Asia’s World City” brand and stepping up the public relations promotions under the “Best of all, it’s in Hong Kong” theme amounts to \$59.8 million. In view of travellers’ growing interest in unique and in-depth travel experiences, the HKTb, building upon the success of the new

brand campaign, will enhance communication by inviting more local personalities from different walks of life to share their authentic Hong Kong stories to encourage visitors to discover Hong Kong like a local. The HKTb will strengthen its promotion of Hong Kong's 11 core experiences: Chinese festivals, Western festivals, local culture, art, entertainment, sports, outdoors, shopping, dining, nightlife and attractions. The HKTb will utilise online platforms and social media to encourage local photographers to contribute photos about architecture, street views, culture and lesser known scenes with regard to the above core experiences to promote Hong Kong's diverse tourism appeal to consumers in different source markets.

In addition to utilising the four existing "Best of all, it's in Hong Kong" promotional videos to highlight the diverse travel experiences of Hong Kong, namely "Gourmet & Nightlife", "Trendy Arts & Entertainment", "Family Fun", and "Great Outdoors & Living Culture", the HKTb will allocate \$53 million from the additional funding provided by the Government to step up the promotions. The HKTb will create a new promotional video to showcase Hong Kong's diverse range of mega events year-round and enhance the city's position as the Events Capital of Asia. The promotional videos will be broadcast on regional TV networks, such as Discovery Channel's TLC, local TV channels, as well as the internet and social media platforms, in such source markets as the Mainland, Southeast Asia, Taiwan, Japan, South Korea and India.

3.

The HKTb believes that by promoting in-depth travel experience in Hong Kong, the tourism appeal of the district as well as Hong Kong as a whole will be elevated. Therefore, in 2018-19, the HKTb will continue to promote "Old Town Central" and launch a new programme for Sham Shui Po with a view to promoting the diverse local culture of the area. The HKTb plans to extend the related programme to six or seven more districts to further enrich visitors' in-town experience and extend their length of stay in Hong Kong.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)180

(Question Serial No. 1796)

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 study on cooling-off periods in relation to consumption,

1. What are the progress and expected completion date of the study conducted by the Consumer Council (CC)?
2. After the publication of the findings of the study by the CC, what are the expected follow-up actions to be taken by the Government, such as to further examine the relevant policies or legislative amendment work having regard to the study report?
3. Did the Government exchange views on cooling-off periods with the CC in the past year? If so, please provide the details.

Asked by: Hon WAN Siu-kin, Andrew (Member Question No. (LegCo use): 4)

Reply:

The Consumer Council (the Council) is conducting a study on cooling-off periods, and its current plan is to publish the study report in April 2018. The Government will take the results of the Council's study as references, and listen to the community's views in deciding on the way forward.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)181

(Question Serial No. 1797)

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 work on “facilitating consumers to seek redress through the use of the Consumer Legal Action Fund” in each of the past 5 years, please advise on the following:

1. the number of applications received and the number of applications approved under the Fund;
2. the average amount of expenditure for each application approved; in the light of the results, the number of cases settled out of court and the number of successful and unsuccessful cases;
3. the total expenditure and balance of the Fund each year;
4. whether the Government or the Consumer Council will consider reviewing the role and management framework of the Fund as well as the threshold for using the Fund, etc. to enhance the Fund's role in consumer protection.

Asked by: Hon WAN Siu-kin, Andrew (Member Question No. (LegCo use): 5)

Reply:

The Consumer Legal Action Fund (the Fund) is a trust fund set up with the objective to provide legal assistance to consumers in cases involving significant public interest. The Consumer Council is the trustee of the Fund. The Board of Administrators of the Fund (the Board) is responsible for the overall administration of the Fund, and it approves or rejects applications based on the recommendations of the Management Committee of the Fund.

In considering applications to the Fund, factors for consideration include whether significant consumer interest and injustice are involved, the number of consumers affected, the chance of success in litigation, and whether there would be deterrent effect on unscrupulous business practices. Legal assistance may be in the form of advice, assistance and representation by solicitor and counsel.

From 2012-13 to 2016-17, the number of applications received by the Fund and the number of the newly assisted cases for each year are as follows:

Year	Number of applications	Number of newly assisted cases
2012-13	29	3
2013-14	23	3
2014-15	21	10
2015-16	9	2
2016-17	16	1
Total	98	19

From 2012-13 to 2016-17, the Fund handled 19 newly assisted cases, and continued to deal with 13 cases which had been granted assistance earlier. Of these 32 assisted cases, legal process had been completed for 21 cases including 17 cases settled out of court and four cases with judgement obtained against the other parties. In addition, two cases had been in process, two applications were withdrawn and 7 cases were terminated by the Fund. The average legal cost for each case was \$61,630.

From 2012-13 to 2016-17, the expenditure of the Fund each year and the balance of the Fund are as follows:

	2012-13	2013-14	2014-15	2015-16	2016-17
Expenditure	\$2,604,441	\$2,450,801	\$2,895,859	\$2,937,877	\$2,465,604
Year-end Balance of the Fund	\$17,645,902	\$15,743,029	\$13,921,645	\$11,285,384	\$8,942,136

The Fund is mainly funded by public money. Given the fact that resources are limited and based on the principle of prudent use of public money, the Fund must vet each application rigorously through robust procedures. The Consumer Council and the Board would review the vetting procedures from time to time to ensure that all applications would be considered thoroughly, so as to ensure that resources are put to good use while avoiding overcomplicating the vetting procedures. The Consumer Council and the Board will continue to review the operation of the Fund from time to time.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)182

(Question Serial No. 1798)

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 performance indicators and estimates of the Competition Commission (the Commission),

1. What are the reasons for a substantial decrease in the numbers of “enquiries or complaints received” and “initial assessments commenced” by the Commission in 2017 as compared with 2016, as well as the significant reduction in the number of “events, seminars and exhibitions conducted”?
2. In the light of the estimates for the work of the Commission for 2017, what were the changes in the estimates allocated to its various divisions (e.g. the Operations Division, the Economics and Policy Division, etc.) as compared with 2016? Did such changes affect the above indicators?
3. The estimates for 2018-19 has substantially increased by 59%. According to the explanation given on page 311 of the Estimates, “this is due to the increased provision to support the operations and litigation work of the Competition Commission”. How will the estimates for 2018-19 be allocated and what will be the changes as compared with the previous year? Please elaborate in detail the changes by division (e.g. the Operations Division, the Economics and Policy Division, etc.) and by area of work (e.g. expenditure for additional manpower or publicity, etc.) respectively.

Asked by: Hon WAN Siu-kin, Andrew (Member Question No. (LegCo use): 6)

Reply:

1. Since the full implementation of the Competition Ordinance in December 2015, the Competition Commission has received over 2 600 complaints and enquiries. In the first nine months in 2016, the number of complaints and enquiries received in a month ranged from about 90 to 210. Majority of the complaints and enquiries were related to potential anti-competitive conduct and general enquiries which were common for a newly established agency, such as functions and powers of the Commission. The figure stabilized from the end of 2016 throughout 2017 with a monthly average of around 60.

The Commission will consider any enquiry and complaint it receives, and escalates those warranting further assessment to the Initial Assessment phase, and subsequently to in-depth investigation.

It is worth noting that the Commission has been adopting a focused and thematic approach in its public engagement efforts, and has continued its drive to increase public and business awareness of the Ordinance and encourage compliance through outreach and engagement events. The drop in number of complaints and enquires received also reflects a greater understanding of the Ordinance and sophistication in the issues being raised.

The number of “events, seminars and exhibitions conducted” during the year included those initiated by the Commission as well as those conducted upon request from stakeholders, such as business and trade associations. While the number of events initiated by the Commission in 2017 was similar to that of 2016, there was a slight decrease in the number of requests for briefings/meetings when compared to 2016 which was the first year of operations since the Ordinance came into full effect. During the year, the Commission also proactively reached out to the general public and businesses with its thematic campaigns and educational programmes, reaching millions of audiences and generating more awareness and understanding of the Ordinance as a result.

2. In 2017-18, the Commission’s budget for enforcement and publicity and public education activities are about \$14.3 million and \$6.9 million respectively. Compared with that of 2016-17, the increase in enforcement and publicity and public education activities are about \$12.2 million and \$0.1 million respectively. The figures do not include staff cost or other general expenses which could not be separately quantified. Following the filing of two cases with the Competition Tribunal and more cases under in-depth investigation, the Commission’s budget for enforcement activities has been substantially increased, while the budget for publicity and public education activities maintained at similar level.
3. The Government provides a subvention to the Commission to support its various functions to implement the Competition Ordinance. The total subvention for 2018-19 is \$127.5 million. Compared to 2017-18, the increase in subvention is \$47.3 million, comprising around \$21.7 million (46%) to enhance support to the Commission’s daily operation, and \$25.6 million (54%) for litigation work.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)183

(Question Serial No. 1799)

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:

In regard to the litigation work of the Competition Commission, the Chief Executive stated in last year's Policy Agenda that the Government would "provide dedicated funding to support the Competition Commission's litigation work". In the Operating Account, the "Funding for Competition Commission's litigation work" is added to the "General non-recurrent" expenses under Sub-head 700 this year and the approved commitment is around \$238 million.

1. Is the \$238 million the "dedicated funding" mentioned in the Policy Agenda? In what ways will the funding be used? For example, will it be operated in the form of a "litigation fund"?
2. Has assessment been made by the Government and the Competition Commission on the estimated expenditure on litigation where legal proceedings are in progress? Will the \$238 million be adequate to meet the expenditure involved in the Commission's litigation work in the long run? Will consideration be given to set up a mechanism to support the Commission's expenditure on litigation?

Asked by: Hon WAN Siu-kin, Andrew (Member Question No. (LegCo use): 7)

Reply:

1. The "Funding for Competition Commission's litigation work" is the dedicated funding mentioned in the 2017 Policy Agenda. The funding has taken into account the Commission's estimated expenditure for its litigation work in the current and future years. For 2018-19, the Commission's estimated litigation expense is about \$25.6 million.

2. Based on the Commission's estimation, the dedicated funding of \$238 million should be able to support the Commission's litigation expenses for a number of years. The Commission submits income and expenditure estimates annually to the Government, and also keeps the Government informed of its plans for the coming years. In line with established mechanism, we will seek additional resources for the Commission as and when the need arises.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)184

(Question Serial No. 1800)

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 work to “continue to advise the Government and public bodies on competition matters” under Matters Requiring Special Attention,

1. Has the Government or Competition Commission compiled statistics on the number of advice given and other information (e.g. the Bureaux or public bodies given with advice) in relation to the above work? If so, what are the details? If not, will a mechanism be established for compilation of statistics?
2. Is there a mechanism requiring the Competition Commission to give advice to the Government or public bodies (or requiring the Government or public bodies to seek advice from the Competition Commission)? If so, what are the details? If not, will the introduction of similar mechanism be considered?
3. At present, for all new capital works projects of the Government, project proponents are required to undergo heritage impact assessment which has to be cleared by the Antiquities and Monuments Office. Will similar practice be considered by the Government that a competition impact assessment is required for implementing policy or administrative measures, if appropriate?

Asked by: Hon WAN Siu-kin, Andrew (Member Question No. (LegCo use): 8)

Reply:

- (1) The Competition Commission has been liaising with and providing advice to the Government and public bodies on issues relating to competition, including the Commission's submission to the public consultation on the Future Development of the Electricity Market; the advisory bulletins on the supply of Piped Liquefied Petroleum Gas in public housing estates, and the Codes of Conduct of the Hong Kong Institute of

Architects and the Hong Kong Institute of Planners; and the advice on the Voluntary Health Insurance Scheme, and on the code of marketing and quality of formula milk for infants, etc.. The Commission has published its study reports and advisory bulletins online.

- (2) As the primary competition authority in Hong Kong, the Commission is responsible for articulating the competition policy to the Government and public bodies, and assisting them in taking full account of competition consideration in discharging their duties.

The Commission will strengthen its advisory function by playing a more active role and coordinate more closely with government departments, public bodies, and other law enforcement agencies, not only on enforcement actions, but also during early stages of formulation of public schemes and programmes.

- (3) The Government is committed to promoting a competitive market to enhance market efficiency and facilitate trade and commercial activities, thereby also benefiting the consumers. While Government conduct does not come under the regulatory regime of the competition law, in formulating public policies and measures, the Government shall assess the economic implications (including the impact on competition), in order to ensure that all relevant factors, including policy objectives, impact on competition, and public interest, etc., have been fully considered and a balance has been struck.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)185

(Question Serial No. 1801)

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:

In light of the various study reports published by the Competition Commission (e.g. the study report on the auto-fuel market published last year), please list the relevant follow-up actions and improvement work taken by the Government with regard to the questions and recommendations raised in each report.

Asked by: Hon WAN Siu-kin, Andrew (Member Question No. (LegCo use): 9)

Reply:

The Competition Commission released a market study report in 2016 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.

To cultivate the best practices in undertaking building repair and maintenance works and help crowd out the opportunity for bid-rigging syndicates to interfere with the building repair and maintenance markets, the Urban Renewal Authority ("URA") 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. To encourage more property owners to take up Smart Tender, the Government has committed \$300 million to subsidise property owners to participate in Smart Tender at a concessionary rate. In partnership with the URA, the Government launched the initiative in October 2017.

The Government also continues, through its “RenoSafe Scheme”, to educate the public to be aware of any unlawful means to affect the tendering and the process of works in building renovation projects and invite the public to report to the Police suspected cases.

In addition, the Commission released in 2017 a study report on the auto-fuel market in Hong Kong. In addition to looking at auto-fuel prices and their movements, the Commission has identified a number of structural and behavioural features of the local auto-fuel market that are hindering competition and are likely to have contributed to the high auto-fuel prices. The Commission made some recommendations in the report and has been in touch with the relevant Government bureau/departments on its recommendations. The Government is studying the recommendations and will report to the Legislative Council the outcome in due course.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)186

(Question Serial No. 1802)

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:

Regarding “continue to monitor the implementation of the amended Trade Descriptions Ordinance (Cap. 362) in tackling unfair trade practices that may be deployed in consumer transactions”:

1. What were the staff establishment and estimated expenditure for the above work in each of the past 3 years? What changes will be made in the coming year?
2. As the amended Trade Descriptions Ordinance has come into operation for some time, will the Bureau conduct a review of the Ordinance?

Asked by: Hon WAN Siu-kin, Andrew (Member Question No. (LegCo use): 10)

Reply:

The Commerce and Economic Development Bureau uses its existing resources to monitor the implementation of the amended Trade Descriptions Ordinance (TDO). It is difficult to quantify it separately.

Since the amended TDO 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 to monitor the number of complaints, investigations and prosecutions in relation to unfair trade practices prohibited under TDO, as well as the relevant work on publicity and education. We observe that the law enforcement agencies have been combating unfair trade practices through enforcement actions such as acceptance of written undertakings from traders and initiation of prosecutions, while there has been an increased understanding among traders and the general public of TDO and the unfair trade practices it prohibits. We will continue to support the work on these fronts.

- End -

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0257)

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 this Programme that the Commerce, Industry and Tourism Branch is responsible for monitoring the Kai Tak Cruise Terminal ("KTCT"). In this connection, will the Government inform this Committee of the following:

- (a) the measures the Government has adopted to monitor the operation of the KTCT, and the expenditure on such measures;
- (b) whether the Government has arranged for staff to inspect the KTCT during the past 3 years; if yes, of the number of inspections, the scope of inspection and the results (in table form); and if no, of the reasons for that;
- (c) the occupancy rate of the commercial areas (e.g. shops) within the KTCT and the number of tenants in the past 3 years (with the yearly figures tabulated); and
- (d) whether the Government will adopt any measures to urge the operator of the KTCT to optimise the use of the commercial areas within the Terminal in a more flexible manner; if yes, of the details; and if no, of the reasons for that.

Asked by: Hon WONG Kwok-kin (Member Question No. (LegCo use): 1)

Reply:

(a) & (b)

The Government attaches great importance to the operation and development of the Kai Tak Cruise Terminal (KTCT) and has been closely monitoring the operation of the KTCT through meetings of the KTCT Management Committee formed by relevant Government departments and the terminal operator, day-to-day meetings, site walks, work reports, correspondence and discussions etc. Amongst these, the Tourism Commission has been conducting various regular and ad-hoc inspections, including performing site visits at the KTCT with different Government departments, terminal operator as well as other parties involved in the operations; and arranging staff to perform necessary inspections at the KTCT during special operations (e.g. berthing of two cruise ships simultaneously, cruise operations under inclement weather, and during large-scale events). The inspections cover the transportation area, passenger clearance facilities, plant rooms and passenger waiting halls to ensure the smooth operation of the KTCT, so as to provide efficient services and convenient experiences for the visitors.

According to our record, the total number of KTCT-related inspections and meetings conducted in the past 3 years was no less than 200, amongst which 67 were conducted in 2015, 57 in 2016 and 90 in 2017. The expenditure involved has been subsumed into the allocation for the Commerce, Industry and Tourism Branch of this Bureau and therefore cannot be quantified separately.

(c)

The floor area of the ancillary commercial areas at the KTCT is about 5 600 square metres, with 7 shops of different sizes. All of them are currently leased (100%). Apart from one merchant that has ceased operation since June 2016 due to its own operational issues, all other merchants are in operation and providing food and beverages, currency exchange and visitors information services etc. The usage situation of the ancillary commercial areas of the KTCT in the past 3 years are as follows –

Year (As at March)	Leased floor area as a percentage of the ancillary commercial areas	Number of merchants
2016	81%	5
2017	93%	6
2018	100%	7

(d)

We have all along been urging the terminal operator of the KTCT to strive to ensure that the ancillary commercial areas are fully let. Currently, the ancillary commercial areas have been fully leased. This notwithstanding, in order to utilise the space within the KTCT in a more flexible manner with a view to increasing the attractiveness of the ancillary areas of the KTCT, we have been encouraging the sub-tenants to make good use of the communal areas of the KTCT, e.g. by facilitating the use of the outdoor communal area as a side venue for wedding banquets held in a restaurant in the adjacent commercial area, and exploring turning some of the communal areas into children playing areas to attract more visitors of the family segment to the KTCT. On the other hand, the terminal operator has also arranged the setting up of small-scale pop-up stores at the passenger waiting halls of the KTCT during the days with ship calls for selling souvenirs and drinks, with a view to putting the spaces of the KTCT to better use while at the same time bringing convenience to the visitors.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)188

(Question Serial No. 0520)

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:

What is the detailed breakdown of the \$5 billion allocated to the redevelopment of the Air Mail Centre (AMC) at the Hong Kong International Airport? Will the transit handling capacity of the redeveloped AMC be able to cater for the situations and demand from cross-border logistics and trading activities by then, thereby meeting the needs of logistics development and supporting further expansion of the businesses related?

Asked by: Hon WONG Ting-kwong (Member Question No. (LegCo use): 4)

Reply:

Hongkong Post (HKP) will commission a number of consultancy studies to assess the technical and financial feasibility of redeveloping the Air Mail Centre (AMC) situated in the Chek Lap Kok Airport in situ. The AMC will be equipped with the latest technology to enhance its handling capability, with a view to coping with the increasing airmail traffic brought about by the booming e-commerce.

The Government has set aside \$5 billion for the redevelopment project. More details about the technical and financial aspects of the redevelopment project of the AMC will be available after the completion of the above consultancy studies. It is estimated that the studies will be completed by early 2019.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)189

(Question Serial No. 0521)

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 \$396 million will be allocated to the tourism industry to implement the four development strategies as set out in the Development Blueprint for Hong Kong's Tourism Industry. On the development of tourism, how much support will be given and how many proposals will be initiated under those measures on capacity expansion? If there will be such support and proposals, what are the details? If not, what are the reasons?

Asked by: Hon WONG Ting-kwong (Member Question No. (LegCo use): 5)

Reply:

The Government of this term has set out a comprehensive "Development Blueprint for Hong Kong's Tourism Industry" (the Development Blueprint), which outlines the vision and mission of tourism development for developing Hong Kong into a world-class premier tourism destination and ensuring the balanced, healthy and sustainable development of the industry. While ensuring the stable and orderly development of the tourism industry, we also seek to strike a balance between the impact of the tourism industry on Hong Kong's economy and the livelihood of the community. We will keep in view closely the relevant situation and take forward initiatives on increasing Hong Kong's receiving capacity progressively.

In respect of transport infrastructure, the upcoming commissioning of the Hong Kong-Zhuhai-Macao Bridge and the Guangzhou-Shenzhen-Hong Kong Express Rail Link will not only shorten the travelling time between Hong Kong and Mainland cities, but will also provide increased capacity in the boundary-crossings and land transport infrastructures in Hong Kong.

In respect of attractions in Hong Kong, Hong Kong Disneyland Resort and Ocean Park are undergoing their respective expansion plans, and the completion of which will enable them to receive more guests. 3 commercial/hotel sites at the Kai Tak Development Area are included in the 2018-19 Land Sale Programme. They will further increase the hotel room supply in Hong Kong. In addition, amongst the \$396 million additional funding allocated for the tourism industry in this year's Budget, \$170 million will be allocated for the Tourism Commission, mainly for taking forward 12 new initiatives to promote tourism development. These 12 new initiatives involve the development of new tourist attractions and products, which can also help increase the capacity of receiving tourists in Hong Kong.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)190

(Question Serial No. 0523)

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 their lack of resources, the Budget provides additional resources to various funds for small and medium enterprises (SMEs). Will resources be set aside in these funds for SMEs to provide one-stop services such as advisory services and assistance in job application?

In addition, how will the Special Administrative Region Government ensure that its support is effective and appropriate to the needs of SMEs? What efforts have been made in respect of monitoring and effectiveness evaluation?

Asked by: Hon WONG Ting-kwong (Member Question No. (LegCo use): 7)

Reply:

SMEs are the pillar of Hong Kong's economy. We have 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 Government reviews the various support measures from time to time in response to the economic situation in order to ensure that adequate and timely support is provided to SMEs. The 2018-19 Budget proposes a number of measures to significantly enhance the support to SME funding schemes, as follows:

- (a) injecting \$1.5 billion into the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund);
- (b) injecting \$1 billion into the SME Export Marketing and Development Funds;
- (c) extending the geographical scope of the Enterprise Support Programme under the BUD Fund from the Mainland to include the ASEAN countries. The respective cumulative funding ceiling for enterprises undertaking projects in the Mainland and ASEAN markets will be \$1 million;
- (d) increasing the cumulative funding ceiling for enterprises under the SME Export Marketing Fund from \$200,000 to \$400,000, and removing the existing condition on the use of the last \$50,000 of grants; and
- (e) extending the application period for the special concessionary measures under the SME Financing Guarantee Scheme to 28 February 2019.

We conducted a briefing on 5 March 2018 to brief the trade, including members of Trade and Industry Advisory Board, Small and Medium Enterprises Committee, representatives of local major trade and industrial organisations, SME associations, professional bodies and trade associations, on the proposed enhancement measures. The trade supported our proposals in general. We have consulted the Legislative Council Panel on Commerce and Industry on the proposals and will seek funding approval of the Finance Committee.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)191

(Question Serial No. 0524)

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:

With limited resources, small and medium enterprises (SMEs) find it difficult to capitalise on the opportunities arising from the Belt and Road Initiative and the Bay Area development. According to the Budget, a total of \$250 million additional funding will be provided to the Hong Kong Trade Development Council (TDC) in 5 financial years. In this regard, how will the said provision assist SMEs? What specific plans (e.g. site visits) will be included? What are the expected results?

Asked by: Hon WONG Ting-kwong (Member Question No. (LegCo use): 8)

Reply:

The Budget proposes that in the five financial years from 2018-19, a total of \$250 million additional funding (i.e. \$50 million in each financial year) will be provided to the Hong Kong Trade Development Council (TDC) for assisting local enterprises (in particular small and medium enterprises) in seizing opportunities arising from the Belt and Road Initiative and the development of the Guangdong-Hong Kong-Macao Bay Area (Bay Area), promoting the development of e-commerce, and enhancing Hong Kong's role as a premier international convention, exhibition and sourcing centre. The additional funding is included in the Government subvention to TDC in 2018-19.

TDC will make use of the additional funding to implement various initiatives to support small and medium enterprises. Key initiatives include:

- Co-organise the third Belt and Road Summit with the Government on 28 June 2018. The Summit will target at the professional needs of potential investors and focus on the promotion of Hong Kong's strengths in infrastructure financing, risk management, dispute resolution, etc. The duration of the one-to-one business matching session will also be extended from half day to full day;

- Establish a Belt and Road Global Forum to connect local, Mainland and international organisations and associations to enable them to tap the business opportunities arising from the Belt and Road Initiative through Hong Kong;
- Enrich the Belt and Road portal, set up a database of Belt and Road projects and enhance market research;
- Organise more investment and business missions to countries along the Belt and Road and cities in the Bay Area to help Hong Kong enterprises explore business opportunities;
- Explore organising joint overseas missions with cities in the Bay Area to explore investment and cooperation opportunities;
- Enhance online sourcing platform by strengthening cooperation with m-commerce or e-tailing platforms to promote Hong Kong brand products, as well as organise customised business matching and networking programmes to connect Hong Kong brands with online retailers;
- Establish online exhibition platform as professional sourcing website to enable buyers to source online and more suppliers to showcase their products year-round; and launch e-badge to provide buyers with seamless online-to-offline experience; and
- Launch an “all-in-one” mobile app for TDC’s conferences to build an online community for participants to facilitate exchanges and enhance experience.

- End -

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0525)

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. Yet, SpGS is not mentioned in this year's Budget. In this connection, has the Government deployed manpower and financial resources to study the advantages, disadvantages, similarities and dissimilarities between the two schemes? If yes, 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 for the study of the issues involved?

Asked by: Hon WONG Ting-kwong (Member Question No. (LegCo use): 10)

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 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 until end February 2018. The Financial Secretary announced in the 2018-19 Budget the further extension of the application period for the special concessionary measures for another year until end February 2019.

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)193

(Question Serial No. 0527)

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 put emphasis on the commercial role of Hong Kong in the Belt and Road Initiative. As such, what are the resources expected to be allocated by the Government to strengthen Hong Kong's role in the Belt and Road Initiative? What are the sectors where such allocation will be made? How much resources and manpower will be deployed?

Asked by: Hon WONG Ting-kwong (Member Question No. (LegCo use): 11)

Reply:

The Belt and Road Office (BRO) of the Commerce and Economic Development Bureau has been supporting the Secretary for Commerce and Economic Development by providing policy input for formulation of Belt and Road Initiative related measures; acting as the focal point of liaison with Mainland authorities, initiating and organising programmes (including business forums, visits and trade missions, etc. to the Mainland and countries and regions along and related to the Belt and Road) to forge closer economic relationship and seek out collaborative opportunities; enhancing rapport between the Government and business and professional sectors, and working in concert with quasi-government / statutory bodies, chambers of commerce, etc., to promote partnerships amongst the trade. For 2018-19, the establishment of BRO is planned to increase to 21 (19 permanent and 2 time-limited posts), and the estimated overall expenditure is \$39.137 million.

- End -

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0528)

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:

Hong Kong has an important role to play in the Guangdong-HongKong-Macao Bay Area (Bay Area), a potential market worthy of our investment. As such, what are the resources to be allocated by the Government in the Bay Area? What are the sectors where such allocation will be made? What is the specific schedule of allocating the resources?

Asked by: Hon WONG Ting-kwong (Member Question No. (LegCo use): 12)

Reply:

To facilitate the promulgation of the Development Plan for a City Cluster in the Guangdong-Hong Kong-Macao Bay Area (Bay Area), the Commerce, Industry and Tourism Branch of the Commerce and Economic Development Bureau will, through Invest Hong Kong, strengthen the promotion of Hong Kong as a prime investment destination to encourage enterprises and investors to establish or expand their businesses in Hong Kong, so as to capitalise on the business opportunities arising from the Bay Area development, making Hong Kong a two-way development base for “going global” and attracting foreign investment. The Hong Kong Trade Development Council will organise investment and business missions to Bay Area cities to help Hong Kong enterprises explore business opportunities, and explore organising joint overseas missions with Bay Area cities to explore investment and cooperation opportunities. We will discuss with the Mainland authorities to enrich the content of the Mainland and Hong Kong Closer Economic Partnership Arrangement to further promote and facilitate trade between the two places including the Bay Area. We will also continue deepening regional IP co-operation and actively promoting Hong Kong’s high-end IP professional services to enterprises in the region. As regards tourism, we will promote the exchange of information amongst governments, and matchmaking and co-operation amongst travel trades, from different regions; support the development of a new web-based platform to provide the trade with information relating to tourism resources of Bay Area cities; support arranging visits for

Hong Kong travel agents to different cities of the Bay Area to deepen co-operation with the local trades and open up related business opportunities; and proactively collaborate with cities in the Bay Area and countries along the Belt and Road to promote the concept of multi-destination tourism in overseas source markets.

The above initiatives will be taken forward by the Commerce, Industry and Tourism Branch of the Commerce and Economic Development Bureau and other relevant institutions separately together. It is difficult to break down and quantify the relevant expenditure items.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)195

(Question Serial No. 0529)

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:

Many small and medium enterprises (SMEs) and starts-up wish to take part in projects relating to the Belt and Road Initiative and the Guangdong-HongKong-Macao Bay Area development. In this connection, will the Government allocate resources to help SMEs to take part in such projects? If yes, what is the approximate investment? What is the mode of assistance?

Asked by: Hon WONG Ting-kwong (Member Question No. (LegCo use) : 13)

Reply:

Tremendous business opportunities are brought about by the Belt and Road (B&R) Initiative and the Development Plan for a city cluster in the Guangdong-Hong Kong-Macao Bay Area (Bay Area). We will propose a series of measures to enhance the funding schemes so as to help SMEs, including start-ups, capture economic opportunities and boost their competitiveness.

The 2018-19 Budget proposes to inject \$1 billion into the SME Export Marketing and Development Funds and introduce enhancement measures to strengthen the support for SMEs. We propose to increase the cumulative funding ceiling under the SME Export Marketing Fund for individual SMEs from \$200,000 currently to \$400,000, increase the maximum grant for each application from \$50,000 to \$100,000 and remove the existing condition on the use of the last \$50,000 of grants to fully support SMEs in exploring new markets (including those in the Bay Area and along B&R) and new business opportunities.

The Budget also proposes to inject \$1.5 billion into the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) to increase the cumulative funding ceiling for individual enterprises under the Enterprise Support Programme (ESP) for undertaking projects in the Mainland from \$500,000 to \$1 million; and to extend the geographical scope of the ESP to include the ASEAN markets. The cumulative funding ceiling for individual enterprises undertaking projects in ASEAN markets will also be \$1 million.

We conducted a briefing on 5 March 2018 to brief the trade, including members of Trade and Industry Advisory Board, Small and Medium Enterprises Committee, representatives of local major trade and industrial organisations, SME associations, professional bodies and trade associations on the proposed enhancement measures. The trade supported our proposals in general. We consulted the Legislative Council Panel on Commerce and Industry on the proposals and will seek funding approval of the Finance Committee.

The Hong Kong Trade Development Council (TDC) will continue to organise a variety of activities to help Hong Kong companies tap business opportunities under the Belt and Road Initiative and Bay Area development. The Government and TDC will organise the third Belt and Road Summit on 28 June 2018. The Summit will target the professional needs of potential investors and focus on promoting Hong Kong's strengths in infrastructure financing, risk management, dispute resolution, etc. The duration of the one-to-one business matching session will also be extended from half day to full day. In addition, TDC will continue to organise investment and business missions for Hong Kong companies to cities in the Bay Area and countries along the Belt and Road, including ASEAN countries such as Cambodia, Indonesia, the Philippines, and Vietnam, and explore organising joint overseas missions with Bay Area cities to explore investment and cooperation opportunities. To strengthen market research and information, TDC will publish market research reports such as *Doing Business in India*, *Infrastructure Opportunities in Russia and Belarus*, etc., and launch a new e-newsletter featuring the latest Belt and Road intelligence and investment opportunities to help businesses to follow closely the market changes.

In addition, continued efforts will be made by the Belt and Road Office under the Commerce and Economic Development Bureau to reinforce links with the Mainland as well as countries and regions along and related to the Belt and Road, including leading business and professional delegations to these economies, with a view to exploring new investment and co-operation opportunities under the Belt and Road Initiative.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)196

(Question Serial No. 0530)

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 Estimates for the Hong Kong Trade Development Council (TDC) has increased by 13%. On what aspects will the increased provisions be spent?

Asked by: Hon WONG Ting-kwong (Member Question No. (LegCo use): 14)

Reply:

The Budget proposes that in the five financial years from 2018-19, a total of \$250 million additional funding (i.e. \$50 million in each financial year) will be provided to the Hong Kong Trade Development Council (TDC). The Government subvention to the TDC in 2018-19 is thus increased by \$50 million (13%). The additional funding will be used for assisting local enterprises (in particular small and medium enterprises) in seizing opportunities arising from the Belt and Road Initiative and the development of the Guangdong-Hong Kong-Macao Bay Area, promoting the development of e-commerce, and enhancing Hong Kong's role as a premier international convention, exhibition and sourcing centre.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)197

(Question Serial No. 0533)

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 for 2017-18 is 65% less than the actual expenditure. What are the reasons?

The number of directorate posts will be increased by 3 in 2018-19. What are their respective duties and expenditure involved?

Asked by: Hon WONG Ting-kwong (Member Question No. (LegCo use): 17)

Reply:

The revised estimated under Programme (2) for 2017-18 is \$479.8 million (-65%) lower than the original estimate for 2017-18. The decrease is largely due to -

- Decrease of \$412 million in cash flow requirement for the Special Concessionary Measures under the SME Financing Guarantee Scheme (SFGS). Under the Measures, the Government is required to pay sufficient amount of funds to the Hong Kong Mortgage Corporation Limited in meeting the required payments for default compensations and necessary out-of-pocket expenses. The actual cash flow requirement under the Measures may fluctuate every year. For 2017-18, there is no cash flow requirement for the Measures.

- Decrease of \$35 million in cash flow requirement for the Professional Services Advancement Support Scheme. The actual cash flow requirement depends on the number of applications approved and the amount granted. In 2017-18, the Government began to process funding applications (in four rounds), and the funded projects only commenced in batches from mid-2017 onwards. Hence, the 2017-18 expenditure is lower than the original estimate.
- Decrease in expenditure on personal emoluments of \$6.9 million due to vacant posts and staff changes.
- Decrease of \$5.8 million in cash flow requirement for the Measures for Manpower Development of Retail Industry, mainly due to the lower-than-expected production cost and expenditure for publicity and promotion work, and no allocation of additional funds to implement the Retail Technology Adoption Assistance Scheme for Manpower in 2017-18.
- Decrease of \$5 million for the subscription to the World Trade Organization.

In addition, the following 3 directorate posts are planned for creation in 2018–19 -

- 1 time-limited Administrative Officer Staff Grade C post for 5 years in the Belt and Road Office, to take forward the work on the Belt and Road Initiative more effectively and on a sustained basis.
- 1 time-limited Chief Systems Manager post for 5 years in the Single Window Project Management Office, to lead information technology (IT) teams in the Office and provide technical steer on the planning and overseeing of various IT projects under the Trade Single Window initiative.
- 1 time-limited Senior Principal Executive Officer post for 2 years in the Tourism Commission, to provide support for the establishment of the Travel Industry Authority.

For the purpose of preparing the 2018-19 estimates of expenditure, a total provision of \$4.91 million has been reserved for the personal emoluments of the above 3 directorate posts.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)198

(Question Serial No. 0534)

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 the estimated expenditure, what is the expenditure on the Belt and Road Office? In implementing the Belt and Road Initiative (B&RI), what are the differences between the Trade Development Council and the Belt and Road Office and what is their division of work? What is the work plan for this year?

Asked by: Hon WONG Ting-kwong (Member Question No. (LegCo use): 18)

Reply:

In 2018-19, the estimated overall expenditure of the Belt and Road Office (BRO) is \$39.137 million which is mainly for salaries and other operating expenses. The Hong Kong Trade Development Council (TDC) is an important strategic partner of BRO on Belt and Road collaborative efforts, e.g. in conducting trade and professional missions to countries and regions along and relating to the Belt and Road, co-organising the annual Belt and Road Summit, and enhancing the Belt and Road portal which is currently serviced by TDC etc. BRO on the other hand supports SCED in policy formulation and co-ordination, and takes charge of G-to-G liaison work related to the Initiative. It will strengthen communication and relationship with the relevant Mainland authorities by establishing a Joint Conference mechanism under the Arrangement between National Development and Reform Commission and HKSAR Government on Advancing Hong Kong's Full Participation in and Contribution to Belt and Road Initiative (the Arrangement) was signed in December 2017. The Office will co-ordinate the implementation of the measures in the Arrangement.

For the coming year, BRO will continue to provide policy input for formulation of the Belt and Road Initiative (B&RI) related measures and co-ordination amongst Bureaux / Departments, etc. Continued efforts will be made to reinforce links with the Mainland as well as countries and regions along and related to the Belt and Road, including leading

business and professional delegations to visit these economies with a view to exploring new investment and co-operation opportunities under B&RI. As well, BRO will continue to co-organise with TDC the third Belt and Road Summit in June 2018, making it a key platform to promote and foster Hong Kong as an international Belt and Road commerce and trading platform.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)199

(Question Serial No. 0535)

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 tourism forum will be organised under the themes of Belt and Road and Bay Area with business matching conference for the travel trade. What will be the scale, including the participants to be invited and estimated expenditure, of the events? Will relevant Mainland organisations be invited to co-organise similar events on a larger scale? If yes, what are the details? If no, what are reasons?

Asked by: Hon WONG Ting-kwong (Member Question No. (LegCo use): 19)

Reply:

The Government will organise, in collaboration with Hong Kong Tourism Board, a tourism forum under the dual themes of “Belt and Road” and “Bay Area” with business matching conference in December 2018. Government officials, relevant tourism authorities and trade members in the Belt and Road countries and the Mainland will be invited to the forum with a view to promoting cooperation and exchange between governments and the tourism trade. The estimated cost of organising the forum is about \$15 million, including the expenditure on venue, logistics and overseas promotion, etc. We will continue to consider how to strengthen exchange and cooperation with relevant Mainland organisations.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)200

(Question Serial No. 0536)

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 work of the Hong Kong Tourism Board in 2018-19 includes reinforcing the attractiveness of Hong Kong as a travel destination by enriching the city's event offerings. One popular event with unique appeal is Hong Kong Wine & Dine Festival. Given the additional provision allocated by the Budget, is it possible to enlarge the scale of the Festival and extend its duration? If yes, what are the details? If no, what are the reasons?

Asked by: Hon WONG Ting-kwong (Member Question No. (LegCo use): 21)

Reply:

The Hong Kong Wine & Dine Festival organised by the Hong Kong Tourism Board (HKTB) is one of the key events of the Hong Kong Great November Feast. 2018 marks the 10th edition of the Hong Kong Wine & Dine Festival, the HKTB will step up promotions of the event in overseas source markets, expand event space and add various 10th anniversary celebratory elements to enrich the event programme with the regular and additional funding from the Government. Details and scale of the event are still under planning which HKTB will announce later.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)201****(Question Serial No. 0537)**

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 11 posts to be created in 2018-19, what are the posts to be created and what are the duties involved and expenditures incurred?

Asked by: Hon WONG Ting-kwong (Member Question No. (LegCo use): 23)

Reply:

The details of the 11 new posts to be created under Programme (6) in 2018-19 are as follows :

Rank	Number of post	2018-19 salary provision (\$)	Job nature and area of work
Senior Principal Executive Officer (time-limited for 2 years)	1	1,047,300	To provide support for the establishment of the Travel Industry Authority.
Senior Treasury Accountant (time-limited for 2 years)	1	694,770	
Treasury Accountant (time-limited for 2 years)	1	472,650	
Chief Executive Officer (time-limited for 2 years)	1	694,770	
Senior Executive Officer (time-limited for 2 years)	1	494,550	
Executive Officer I (time-limited for 2 years)	2	734,040	To provide support for the establishment of the Travel

Rank	Number of post	2018-19 salary provision (\$)	Job nature and area of work
Personal Secretary I (time-limited for 2 years)	1	210,510	Industry Authority.
Assistant Clerical Officer (time-limited for 2 years)	1	131,280	
Electrical and Mechanical Engineer (time-limited for 3 years)	1	749,010	To provide support for the operation of the Kai Tak Cruise Terminal.
Clerical Assistant	1	204,960	
Total number of posts to be created:	11		

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)202

(Question Serial No. 0544)

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 plans to implement the Marrakesh Treaty in Hong Kong. Please advise: it takes a large number of hands and professionals to produce copies of works in format suitable for the visually impaired. Since Hong Kong lacks such hands and professionals, will the Government allocate funds and manpower to tackle the problem?

Asked by: Hon WONG Ting-kwong (Member Question No. (LegCo use): 37)

Reply:

To meet the requirements under the Marrakesh Treaty to Facilitate Access to Published Works for Persons Who Are Blind, Visually Impaired, or Otherwise Print Disabled ("Marrakesh Treaty"), we are preparing a bill to amend the Copyright Ordinance and aim to introduce it into the Legislative Council in the 2018-19 session. After the law is amended, the existing copyright exceptions provided to serve the needs of people with print disabilities will be enhanced.

As we understand it, the Education Bureau has been funding relevant schools and institutions to produce braille textbooks and reading materials for the use of visually impaired students. The Social Welfare Department has also been providing subventions to institutions/organisations providing relevant services (including the production of accessible copies) to the visually impaired. When taking forward the exercise to amend the Copyright Ordinance to meet the requirements of the Marrakesh Treaty, if stakeholders raise any issues concerning the work of other bureaux/departments, we will convey them to the relevant bureaux/departments as appropriate.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)203

(Question Serial No. 0664)

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 “working on the planning for new convention and exhibition facilities”,

1. what are the current staff establishment and expenditure for such work?
2. basing on the current demand and supply projection of convention and exhibition (C&E) venues, what is the total number of C&E facilities that the existing potential sites identified for C&E venue development (such as the 3 government towers in Wan Chai, the area above Admiralty Station of the Shatin to Central Link, etc.) capable of providing? Please provide, by site/project, a breakdown of details such as estimated floor area available and date available for use;
3. apart from the 3 government towers in Wan Chai, the area above Admiralty Station of the Shatin to Central Link, etc. that have already been planned for new C&E venue development, are there any other potential sites for C&E venue development? For instance, development of C&E facilities in the nearby areas of Hung Hom Station or Kowloon Station;
4. are there any plans to go ahead with the AsiaWorld-Expo expansion?

Asked by: Hon WU Chi-wai (Member Question No. (LegCo use): 27)

Reply:

1. Planning for new convention and exhibition (C&E) facilities is part of the work of the Commerce, Industry and Tourism Branch of the Commerce and Economic Development Bureau. We do not have a breakdown of the staff establishment and expenditure for individual items.

2. In the Policy Address delivered in October 2017, the Chief Executive announced that the sites of the three government towers in Wan Chai North and Kong Wan Fire Station will be redeveloped for C&E, hotel and office use. Our preliminary estimate is that the site can provide about 23 000 square metres of C&E facilities. The plan involves relocation of 28 government departments in the three government towers, the law courts and the Kong Wan Fire Station. Our current estimation is that the relocation exercise could be completed in mid 2020s. The Government will proceed with the relocation in accordance with established procedures, with a view to vacating the sites of the three government towers in Wan Chai North and the Kong Wan Fire Station for development of C&E facilities and commercial premises as soon as possible.

The Government will also proceed with the plan of constructing a new convention centre above the Exhibition Station of the Shatin to Central Link (SCL). We estimate that the centre will provide about 15 000 square metres of convention facilities. We plan to commence the construction works after the commissioning of the Exhibition Station of SCL in 2021.

3. For the longer-term, when the issue on the reprovisioning of the Wan Chai Sports Ground is satisfactorily resolved, the site can be earmarked for further C&E development to reinforce and enhance Wan Chai North as a C&E hub in Asia. At present, the Government has no plan to develop C&E facilities in the vicinity of the MTR Hung Hom Station or Kowloon Station.

4. The AsiaWorld-Expo (AWE) located on the airport island currently provides about 70 000 square metres of rentable C&E space, and land has been reserved for its further expansion. The Government will continue to discuss possible expansion with the AWE board of directors, and we need to take into consideration the C&E business and operation of AWE Phase 1, as well as the economic benefits that could be brought about by developing Phase 2, supporting facilities, financial arrangements, etc.

- End -

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0665)

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 revised estimate under Programme (2) for 2017-18 represented a significant reduction from \$738 million in the original estimate to the revised \$258 million; while the estimate for 2018-19 has been increased to \$599 million. It is mentioned on page 310 of the Estimates that the substantial increase in the estimate for 2018-19 is due to a number of reasons. In this connection, please advise on the following:

1. What are the reasons for the significant reduction in the revised estimate for 2017-18? Please provide a breakdown of the original and revised expenditure.
2. Please provide a breakdown of the estimated expenditure having regard to the various reasons for the substantial increase in the estimate for 2018-19.

Asked by: Hon WU Chi-wai (Member Question No. (LegCo use): 28)

Reply:

The revised estimated under Programme (2) for 2017-18 is \$479.8 million (-65%) lower than the original estimate for 2017-18. The decrease is largely due to -

- Decrease of \$412 million in cash flow requirement for the Special Concessionary Measures under the SME Financing Guarantee Scheme (SFGS). Under the Measures, the Government is required to pay sufficient amount of funds to the Hong Kong Mortgage Corporation Limited in meeting the required payments for default compensations and necessary out-of-pocket expenses. The actual cash flow requirement under the Measures may fluctuate every year. For 2017-18, there is no cash flow requirement for the Measures.

- Decrease of \$35 million in cash flow requirement for the Professional Services Advancement Support Scheme. The actual cash flow requirement depends on the number of applications approved and the amount granted. In 2017-18, the Government began to process funding applications (in four rounds), and the funded projects only commenced in batches from mid-2017 onwards. Hence, the 2017-18 expenditure is lower than the original estimate.
- Decrease in expenditure on personal emoluments of \$6.9 million due to vacant posts and staff changes.
- Decrease of \$5.8 million in cash flow requirement for the Measures for Manpower Development of Retail Industry, mainly due to the lower-than-expected production cost and expenditure for publicity and promotion work, and no allocation of additional funds to implement the Retail Technology Adoption Assistance Scheme for Manpower in 2017-18.
- Decrease of \$5 million for the subscription to the World Trade Organization.

The original estimated under Programme (2) for 2018-19 is \$341.3 million (+132.1%) higher than the revised estimate for 2017-18. The increase is largely due to -

- Increase of \$277 million in cash flow requirement for the Special Concessionary Measures under SFGS. Under the Measures, 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 necessary out-of-pocket expenses. The actual cash flow requirements under the Measures may fluctuate every year. For 2018-19, it is expected that there is an increase in cash flow requirement for the Measures.
- Estimated increase of \$17.9 million for personal emoluments arising from filling vacant posts and the need to cater for the impact of pay rise.
- Increase of \$10 million in cash flow requirement for the PASS. The actual cash flow requirement depends on the number of applications approved and the amount granted. With the launch of more funded projects and our ongoing promotion work, more applicants are expected to submit funding applications in 2018-19, leading to an increase in the expected expenditure.
- Increased provision of \$8.65 million to the Single Window Project Management Office (SWPMO), to strengthen manpower support for pressing ahead the implementation of the Trade Single Window project. The sum comprises personal emoluments required for additional posts and other related operating expenses.
- Estimated increase of \$5.89 million for the subscription to the WTO.
- Increased provision of \$4.1 million to the Belt and Road Office, to take forward the work on the Belt and Road Initiative more effectively and on a sustained basis.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)205

(Question Serial No. 0666)

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:

After the Director of Audit published its report on the operation of cruise terminal last year:

- (1) what are the measures adopted by the Tourism Commission and the terminal operator in response? Please give an account of the measures with reference to the recommendations in the Director of Audit's report;
- (2) what is the current occupancy rate of the terminal? What new proposals will the Government put forward to boost visitor patronage?
- (3) what is the manpower establishment and expenditure involved for monitoring the operation of the cruise terminal?

Asked by: Hon WU Chi-wai (Member Question No. (LegCo use): 30)

Reply:

(1)

The Tourism Commission (TC) has coordinated with relevant Government departments and the terminal operator to take follow-up actions in accordance with the recommendations in Chapter 5 of the Director of Audit's Report No. 68 ("the Audit Report"). The progress made was reported in the Government Minute submitted to the Legislative Council on 18 October 2017. The recommendations as set out in the Audit Report cover three major aspects, namely (i) the performance of cruise tourism in Hong Kong as a whole and utilisation of the Kai Tak Cruise Terminal (KTCT); (ii) performance monitoring of the terminal operator; and (iii) other administrative issues (including transport arrangements, repair and maintenance of terminal facilities as well as strategic planning for

cruise tourism development, etc.). The Government has implemented the recommendations as set out in the Audit Report. Some of the recommendations that require on-going follow-up actions have been included as our regular duties. Specific details are summarised below.

Regarding (i) performance of cruise tourism in Hong Kong as a whole and utilisation of the KTCT, the Audit Report recommended the Government to implement further measures to attract more ship calls and to review the effectiveness of such measures. As a matter of fact, the Government is committed to developing Hong Kong into a cruise hub in the region and has formulated comprehensive strategies and directions for cruise tourism development to seize the opportunities brought about by the growth in the international cruise tourism market, as well as to ensure the balanced, healthy and sustainable development of cruise tourism in Hong Kong. The specific strategic directions pursued by the Government in developing cruise tourism include driving more ship deployment to Hong Kong; cultivating Hong Kong as a cruise destination; diversifying cruise tourism markets; and elevating Hong Kong's profile in the international cruise trade.

Every year, the Government reviews the relevant strategies and directions having regard to the latest development of the market and in consultation with the trade. Subsequently, the Government would launch corresponding initiatives accordingly. In 2017-18, the Government has allocated additional provision to the Hong Kong Tourism Board (HKTb) to promote cruise tourism. The initiatives included continuing with the "fly-cruise" promotion programme launched in 2016-17 by collaborating with the trade in the promotion of cruise tourism products of Hong Kong in Southeast Asia and long-haul markets to encourage more cruise visitors to take flights to and from Hong Kong and join cruise journeys, with a view to further diversifying the cruise tourism source markets; encouraging the collaboration between cruise lines and attractions in Hong Kong (e.g. theme parks) to launch special offer packages in southern China, with a view to leveraging on the competitive advantages of Hong Kong in terms of tourist attractions and enhancing the competitiveness of Hong Kong through penetrating deeper into the southern China regional market; and supporting the trade in developing and enriching the shore excursion products of Hong Kong.

Considering the outcome of the above schemes and the response from the trade, in 2018-19, the Government will allocate an additional provision of \$14 million for the HKTb to ensure the sustainable growth of cruise tourism by leveraging on the strengths of Hong Kong, consolidating the established diversified source markets, as well as seizing the opportunities brought about by the commissioning of the cross-boundary transport infrastructure. Specific initiatives include continuing with the promotion on "fly-cruise" tourism; seizing the opportunities brought about by the upcoming commissioning of the Guangzhou-Shenzhen-Hong Kong Express Rail Link (XRL) by encouraging the trade to launch travel products that bundle XRL tickets with cruise travel; and launching promotion campaigns targeting some of the mainland cities along the express rail network, with a view to cultivating more source markets and increasing the depth of market penetration. In addition, the HKTb will leverage on the competitive advantages of Hong Kong in terms of tourist attractions to launch special offer packages that cover cruise and attractions, with a view to further consolidating the visitor source markets in southern China.

The abovementioned initiatives have yielded effective outcome. The business of the KTCT has been growing steadily in the past few years with its number of ship calls increased from 9 in 2013 to 186 in 2017. This has driven the total number of ship calls in Hong Kong as a whole to increase from 89 in 2013 to 245 in 2017. The total passenger throughput in Hong Kong as a whole has also increased from around 200 000 in 2013 to over 900 000 in 2017. Back in the earlier years when the Government was considering the construction of the KTCT, the Government projected that the number of ship calls and cruise passenger throughput in Hong Kong as a whole would range from 181 to 258 and from 564 102 to 1 041 031 respectively by 2023. In other words, the number of ship calls and cruise passenger throughput in Hong Kong as a whole in 2017 have both achieved, ahead of plan, the then projected performance by 2023. We will continue to closely monitor the development of cruise tourism in Hong Kong and launch suitable measures.

As regards (ii) performance monitoring of the terminal operator, the Audit Report has pointed out some areas for improvement, which have no bearing on the performance of the daily operation of the KTCT or the financial interest of the Government. TC has already put in place a more comprehensive mechanism with strengthened assessment to ensure the terminal operator's full and strict compliance with the requirements under the Tenancy Agreement. This is achieved through regular review in a more structured manner and regular meetings with the terminal operator on its compliance with the requirements of the Tenancy Agreement. The mechanism concerned has been put in place since early 2017 and there has been no incompliance observed so far.

As regards (iii) other administrative issues, the recommendations in the Audit Report mainly cover transport arrangements of the KTCT, management and maintenance of its facilities, as well as strategic planning on cruise tourism development.

As far as the transport arrangements of the KTCT are concerned, the Audit Report mentioned that the KTCT is currently served by a number of different public transport services. Yet, it has made recommendations on the specific arrangements of certain transport services as well as its traffic management plan (e.g. arrangement for taxi pick-up/drop-off location, and service hours of other public transport services). TC and the terminal operator have implemented the recommendations in full. The terminal operator and relevant Government departments have been maintaining contact to implement corresponding transport measures to support the operations of KTCT. Currently, the transportation arrangements during ship calls are generally smooth. Apart from taxi services and coach services arranged for visitors joining shore excursion programmes, there are free shuttle services arranged by nearby malls and paid coach services to hotel districts. In terms of public transport services during other usual time, there are currently franchised buses, green minibuses and ferries providing daily services that connect the KTCT and the vicinity with other locations. We have made continued improvements to these public transport services. We have strengthened the franchised bus service in 2016, to expand its weekend and public holiday service to run on a daily basis. Also, the green minibus service has been strengthened since 2017 with higher frequency and longer service hours. Moreover, ferry service has been provided at weekends and holidays in the form of kaito 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 service has been extended to be provided on a daily basis. Some cruise companies and event organisers had also made use

of the Kai Tak Runway Park Pier to ferry their cruise passengers and participants between KTCT and other locations. These have provided members of the public and visitors with alternative mode of transportation other than land transport. In the first half of this year, there will also be a new franchised bus route connecting the KTCT.

Regarding the repair and maintenance of the terminal building facilities, TC, the Electrical and Mechanical Services Department (EMSD) and the Architectural Services Department (ArchSD) have taken measures to further improve the fault call cases of lifts/escalators and the water seepage/leakage situations. We saw significant improvement in the number of fault call cases of lifts/escalators, which was reduced by 67% from 64 fault call cases in 2016 to 21 in 2017 (with only 8 being equipment failure). As regards the seepage/leakage issues, significant improvement is also observed, with the total number of seepage/leakage cases reduced by 69% from 146 in 2016 to 45 in 2017, with the majority of the cases in 2017 (44 out of 45) being minor seepage. ArchSD and EMSD will continue to take forward suitable measures to further improve the situation accordingly.

(2)

The floor area of the ancillary commercial areas at the KTCT is about 5 600 square metres, with 7 shops of different sizes and are currently fully leased (100%). Apart from one merchant that has ceased operation since June 2016 due to its own operational issues, all other merchants are in operation and providing food and beverages, currency exchange and visitors information services etc. The usage situations of the ancillary commercial areas of the KTCT in the past 3 years are as follows –

Year (As at March)	Leased floor area of the ancillary commercial areas	Number of merchants
2016	81%	5
2017	93%	6
2018	100%	7

As we have mentioned in the discussion paper and the supplementary information paper submitted to the Legislative Council Panel on Economic Development earlier, the Government is adopting multi-pronged strategy and plan to further enhance the vibrancy of the KTCT as well as to bring more people thereto. In gist, we are continuously improving the transport infrastructure and services so as to enhance the accessibility of the KTCT. In the first half of this year, there will be a new franchised bus route connecting the KTCT. We are also leveraging on and exploiting the opportunities brought about by the operation of the ancillary commercial areas (e.g. striving to ensure that the ancillary commercial areas are fully let, facilitating the shops to make good use of the communal areas of the KTCT to organise activities, and arranging the setting up of small-scale pop-up stores at the passenger waiting halls of the KTCT during the days with ship calls for selling souvenirs and drinks). We will continue to drive and facilitate the hosting of more non-cruise events at the KTCT, including further exploring ways to identify slots for more non-cruise events at the KTCT

notwithstanding the increasingly busy cruise schedule. We are exploring to partner with non-governmental organisations, such as sports associations in Hong Kong, to support their use of the communal areas and facilities of the KTCT for organising events. We will also continue to facilitate the trade in bringing more tour groups to the open space of the KTCT (e.g. the KTCT Park at the rooftop and the adjacent Runway Park).

(3)

There has been a supernumerary Assistant Commissioner for Tourism (D2) post in TC to lead the Cruise Team in discharging the duties of overseeing the operation of the KTCT and, at the same time, driving cruise tourism development in Hong Kong as a whole. That Assistant Commissioner for Tourism is also responsible for other duties in driving the development of tourism industry in Hong Kong, including matters concerning the Hong Kong Disneyland Resort. With the support of the Panel on Economic Development of the Legislative Council, we are now seeking the Finance committee's approval to extend that post.

The Cruise Team is formed by non-directorate staff, including 8 civil service posts as well as 2 non-civil service contract posts. The expenditures involved have been subsumed into the allocation for the Commerce, Industry and Tourism Branch of this Bureau and hence are difficult to be quantified separately.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)206

(Question Serial No. 0667)

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 mentioned in paragraph 110 of the Budget Speech that “in the five financial years from 2018-19, a total of \$250 million additional funding will be provided to the Hong Kong Trade Development Council (TDC) for assisting local enterprises (small and medium enterprises in particular) in seizing opportunities arising from the Belt and Road Initiative and the Bay Area development, and efforts will be made to promote the development of e-commerce and enhance Hong Kong’s role as a premier international convention, exhibition and sourcing centre”.

1. The estimate for TDC in 2018-19 will increase by 13% to \$435.5 million. Does this include the \$250 million mentioned in the Budget Speech? Over a span of how many years/phases will the \$250 million funding mentioned in the Budget be allocated to TDC?
2. With regard to the various measures proposed in the Budget Speech, how will the additional resources be expected to be allocated? Please provide a breakdown of the allocations by contents.
3. How will the Government assess and monitor the effectiveness of the funding allocated and how these additional resources are used by TDC? For example, will the Government set any indicators with respect to the abovementioned work?

Asked by: Hon WU Chi-wai (Member Question No. (LegCo use): 34)

Reply:

The Budget proposes that in the five financial years from 2018-19, a total of \$250 million additional funding (i.e. \$50 million in each financial year) will be provided to the Hong Kong Trade Development Council (TDC) for assisting local enterprises (in particular small

and medium enterprises) in seizing opportunities arising from the Belt and Road Initiative and the development of the Guangdong-Hong Kong-Macao Bay Area (Bay Area), promoting the development of e-commerce, and enhancing Hong Kong's role as a premier international convention, exhibition and sourcing centre. The additional funding is included in the Government subvention to TDC in 2018-19.

TDC will make use of the additional funding to implement various initiatives to support small and medium enterprises. Key initiatives include:

- Co-organise the third Belt and Road Summit with the Government on 28 June 2018. The Summit will target at the professional needs of potential investors and focus on the promotion of Hong Kong's strengths in infrastructure financing, risk management, dispute resolution, etc. The duration of the one-to-one business matching session will also be extended from half day to full day;
- Establish a Belt and Road Global Forum to connect local, Mainland and international organisations and associations to enable them to tap the business opportunities arising from the Belt and Road Initiative through Hong Kong;
- Enrich the Belt and Road portal, set up a database of Belt and Road projects and enhance market research;
- Organise more investment and business missions to countries along the Belt and Road and cities in the Bay Area to help Hong Kong enterprises explore business opportunities;
- Explore organising joint overseas missions with cities in the Bay Area to explore investment and cooperation opportunities;
- Enhance online sourcing platform by strengthening cooperation with m-commerce or e-tailing platforms to promote Hong Kong brand products, as well as organise customised business matching and networking programmes to connect Hong Kong brands with online retailers;
- Establish online exhibition platform as professional sourcing website to enable buyers to source online and more suppliers to showcase their products year-round; and launch e-badge to provide buyers with seamless online-to-offline experience; and
- Launch an "all-in-one" mobile app for TDC's conferences to build an online community for participants to facilitate exchanges and enhance experience.

The above will be incorporated in TDC's annual work plan for 2018-19. We do not have a breakdown of TDC's expenditure for individual items.

The Government will maintain close liaison and cooperation with TDC, and the Secretary for Commerce and Economic Development is an ex-officio member of the Council of TDC. We have adopted a set of indicators to evaluate the performance of TDC, and the indicators are set out in the Controlling Officer's Report of the annual Estimates under "Head 152 – Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)".

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)207

(Question Serial No. 0670)

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 in paragraph 110 of the Budget Speech that an injection of \$1.5 billion will be made to the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund). However, since the launch of the BUD Fund in 2012, only about \$300 million out of the \$1 billion funding support has been utilised as at early 2017. In this connection, please advise:

1. As at the latest moment, how many applications have been made under the BUD Fund? How many are approved? What are the average/maximum/minimum amounts of funding?
2. Will there be any change to the application criteria and the funding amount with respect to the BUD Fund in view of the substantial amount of injection proposed by the Financial Secretary?
3. When will the \$1.5 billion injection be expected to complete? And with the extension of the geographical scope of the BUD Fund from the Mainland to include the ASEAN countries, how many applications are expected to be received each year?

Asked by: Hon WU Chi-wai (Member Question No. (LegCo use): 37)

Reply:

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 in the Mainland.

Up to the end of February 2018, the ESP and OSP of the BUD Fund have processed 2 018 and 159 applications (excluding all withdrawn applications) respectively. Among which, 1 146 and 70 applications were approved under the ESP and OSP respectively and the total amount of funding approved were \$408 million and \$224 million respectively. The respective average project funded amount under the ESP and OSP was about \$356,000 (the highest being \$500,000 and the lowest being \$15,000) and \$3.2 million (the highest being \$5 million and the lowest being \$720,000).

The 2018-19 Budget proposes injecting \$1.5 billion into the BUD Fund for increasing the cumulative funding ceiling under the ESP for individual enterprises undertaking projects in the Mainland from \$500,000 to \$1 million; and to extend the geographical scope of the ESP to include the ASEAN markets. The cumulative funding ceiling for individual enterprises undertaking projects in ASEAN markets will also be \$1 million. We have also recently reviewed the application requirements and vetting mechanism of the ESP with a view to providing SMEs, particularly start-ups, with more flexible and facilitating support. Proposed measures are as follows:

- Waiving the requirements on the number of years of substantive business operations in Hong Kong to provide greater facilitation to start-ups.
- Consolidating various application categories and application forms under the current ESP. Enterprises only need to fill in a unified form which will make application procedures easier and more user-friendly.
- Streamlining the requirements on enterprises' procurement procedures by reducing the number of quotations required so as to reduce enterprises' administration costs.
- Providing full funding for audited account required under the project, with a ceiling of \$10,000 per audit, so as to reduce enterprises' cost in using the funding.
- Providing enterprises with greater flexibility and autonomy in the reallocation of grant amongst approved budget items.

We conducted a briefing on 5 March 2018 to brief the trade, including members of Trade and Industry Advisory Board, Small and Medium Enterprises Committee, representatives of local major trade and industrial organisations, SME associations, professional bodies and trade associations on the proposed enhancement measures. The trade supported our proposals in general. We have consulted the Legislative Council Panel on Commerce and Industry on the proposals and will seek funding approval of the Finance Committee.

We expect that the application number and approved funding amount of the Fund will increase after the implementation of the enhancement measures.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)208

(Question Serial No. 0671)

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

Subhead (No. & title): (700) General non-recurrent

Programme: Not Specified

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”, the Government stated in its reply to my question last year (Reply Serial No.: CEDB(CIT)179) that “the actual expenditure will depend on the progress and the work ultimately required”. In this connection, please advise:

1. When was the contract with the consultancy firm signed? Has a date of termination been set for the contract?
2. Given that the approved commitment under the relevant subhead is \$27 million, why is the total contract sum of the consultancy study \$6.871 million only?
3. As the Deputy Commissioner for Tourism of the Tourism Commission is now responsible for overseeing the operation of Disneyland, basing on what factors does the Government decide to sign the contract of the consultancy study?

Asked by: Hon WU Chi-wai (Member Question No. (LegCo use): 38)

Reply:

The Tourism Commission has, through tendering, 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 HKDL's expansion and development plan being implemented after the Legislative Council Finance Committee's funding approval in 2017) for the Government's internal consideration. 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 financial consultant provides independent and professional advice to the Government on financial matters in relation to the overall development of HKDL to enable the Government to have a more comprehensive consideration on the future development of HKDL. The work of the financial consultant has largely been completed.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)209

(Question Serial No. 3581)

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 Branch “ensured the smooth operation of the Post Office Trading Fund and took measures to improve customer service and productivity where appropriate”. In this connection:

1. The Government recently announced that Hongkong Post would launch a cash withdrawal service without purchases for senior citizens progressively. What are the details of the scheme for the time being (such as the locations where such service will be provided, and the launch date)?
2. What is the expected effect of the launch of the above service on the operation of the Post Office Trading Fund? For example, what will be the respective increases in recurrent and non-recurrent expenditures?

Asked by: Hon WU Chi-wai (Member Question No. (LegCo use): 129)

Reply:

Hongkong Post (HKP) will introduce a cash withdrawal service without making purchases for senior citizens in April this year in seven Post Offices mainly in the New Territories and on outlying islands. HKP is now making preparations for this agency service and will announce the service details in due course. The implication of the introduction of the service on the operation and the costs of HKP is minimal.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)210

(Question Serial No. 3618)

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 work to “continue to promote Hong Kong Special Administrative Region’s participation in the Belt and Road Initiative”, please advise this Committee:

1. whether the Government has made a rough assessment of the staff expenditure and estimated expenditure on the Belt and Road Initiative for the year;
2. of the promotional work or activities to be launched in this year. Please set out the details of respective activities including the names, aims, dates, estimated expenditures and intended objectives;
3. with the allocation of substantial resources to participation in the Belt and Road Initiative in 2018-19, whether the Government has set any objectives for the relevant work (e.g. in terms of the trade flows between Hong Kong and the countries along the Belt and Road, and the investment values of Hong Kong manufacturers in these countries).

Asked by: Hon WU Chi-wai (Member Question No. (LegCo use): 166)

Reply:

1. In 2018-19, the Belt and Road Office (BRO) plans to increase its total establishment to 21 (19 permanent and 2 time-limited posts), comprising 18 posts from the grades of Administrative Officer, Trade Officer, Executive Officer, Clerical and Personal Secretary etc., and proposed creation of 3 directorate officer posts. The estimated overall expenditure of BRO for 2018-19 is \$39.137 million, of which salaries accounts for \$19.144 million.

2. For the coming year, BRO will continue to provide policy input for formulation of the Belt and Road Initiative (B&RI) related measures and co-ordination amongst Bureaux / Departments, etc. It will strengthen communication and relationship with the relevant Mainland authorities by establishing a Joint Conference mechanism under the Arrangement between the National Development and Reform Commission and HKSAR Government on Advancing Hong Kong's Full Participation in and Contribution to B&RI (the Arrangement), which was signed in December 2017. The Office will co-ordinate the implementation of the measures in the Arrangement. Continued efforts will be made to reinforce links with the Mainland as well as countries and regions along and related to the Belt and Road, including leading business and professional delegations to visit these economies with a view to exploring new investment and co-operation opportunities under B&RI. As well, BRO will continue to co-organise with Hong Kong Trade Development Council the third Belt and Road Summit in June 2018, making it a key platform to promote and foster Hong Kong as an international Belt and Road commerce and trading platform. The necessary resources required to take forward the above areas of work has been included in the Bureau's estimated overall expenditure.
3. The work of BRO will cover a wide range of sectors, but its impact will be subject to the commercial decisions of individual stakeholders in those sectors as well as a large number of external factors, etc. It is therefore not appropriate to set such fixed indicators as trade flows with countries along the Belt and Road, investment values of Hong Kong manufacturers, etc., as suggested.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)211

(Question Serial No. 3154)

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 2018-19, the Commerce and Economic Development Bureau will prepare for the launch of Single Window (SW) Phase 1 in mid-2018. What is the progress of the preparation? Based on the current progress, will the SW Phase 1 be launched as scheduled? What are the manpower establishment and resources involved for promoting the use of SW?

Hong Kong is now developing the implementation proposals for Phases 2 and 3. Full and mandatory implementation of SW will not take place until 2024. However, the Mainland authorities will establish a nationwide SW in 2020 to facilitate connectivity under the Belt and Road Initiative. Expedited connection between the SWs of Hong Kong and the Mainland will maximise the effectiveness of Hong Kong's SW. As such, will the Government study the connection of the two SWs with the Mainland as soon as possible? If yes, what are the details? If no, what are the reasons?

Asked by: Hon YICK Chi-ming, Frankie (Member Question No. (LegCo use): 53)

Reply:

The Government is pressing full steam ahead with the development of the Trade Single Window (TSW). The TSW is a highly sophisticated project with a mega scale. The Government needs to secure passage of the relevant legislative and funding proposals, and conduct tendering exercise(s) to appoint contractor(s) for the design and development of the information technology system. We plan to roll out the TSW in three phases. Phase 1 will be launched in mid-2018 covering over 10 types of trade documents whose applications could be made on a voluntary basis. Phases 2 and 3 are expected to be implemented respectively in 2022 and 2023 the earliest.

To prepare for the launch of TSW Phase 1 in mid-2018 as scheduled, we have completed the relevant system design and development work. Moreover, we have closely liaised with the relevant departments and, through them, the trades involved for the trade documents covered by Phase 1, and invited them to participate in functionality tests to provide feedback on the user interface and ensure smooth operation.

On the part of the Customs and Excise Department (as the operator of the TSW), it will establish a dedicated TSW Operation Office with 40 new posts in 2018-19 (as a start, around 20 staff will be in place in mid-2018, followed by another 20 staff in due course) to tie in with the launch of TSW Phase 1. The TSW Operation Office will handle the relevant operational work, including managing the TSW system for Phase 1, publicising the TSW to the trades as well as providing service counters and customer support services. The additional expenditure involved will be around \$15 million in 2018-19 (and the full-year annual expenditure thereafter will be around \$21.2 million).

Our current priority is to ensure the timely implementation of the TSW in Hong Kong. Providing connectivity between Hong Kong's TSW and those of other jurisdictions (including the Mainland) involves arrangements in the longer term. We will closely monitor the latest development of TSWs in other jurisdictions and will liaise with the relevant authorities in the Mainland to further study the issue at a suitable juncture.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)212****(Question Serial No. 1351)**

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 Hong Kong Tourism Board (HKTb) committed \$5 million to a pilot scheme on promoting in-depth green tourism in 2017-18. Regarding applications made under the scheme, please provide the following information:

- (a) Respective figures on the applications received and approved since the implementation of the scheme.
- (b) Tabulated details of the projects funded and the total funding amount as below:

Name of Funded Project	Project Details	Funding Amount
Total Funding Amount		

- (c) The work plan(s) for 2018-19 to publicise, within the tourism sector, the pilot scheme on promoting in-depth green tourism to enhance stakeholders' understanding of the scheme in detail and encourage them to develop more green tourism products, thereby providing visitors with more choices on in-depth green tourism in Hong Kong.

Asked by: Hon YIU Si-wing (Member Question No. (LegCo use): 1)

Reply:

The Pilot Scheme to Promote In-depth Green Tourism (the Scheme), which was opened for application in September 2017, aims to provide subsidy for the travel trade to develop in-depth green tourism products. The Scheme received 16 applications, in which five green tourism products were subsidised, involving an estimated amount of \$1.4 million. Details of the products are listed below:

Name of Product	Itineraries	Funding
Rock Academy – Sai Kung Volcanic Rock Region	Sharp Island, Geopark Visitor Centre and Lions Nature Education Centre	Funding has been reserved, but the actual amount allocated to each tour depends on the final number of participants.
Geopark Boat Tour: Sai Kung Islands	Kau Sai Chau, High Island, Jin Island and Sharp Island	
Lantau South In-depth Agriculture Fishery and Heritage Tourism	Shek Pik Reservoir, Tai O, Yi-O and Fanlau Forts	
Lai Chi Wo Hiking Tour	Wu Kau Tang, Sam A Tsuen and Lai Chi Wo	
Geopark Hiking Tour	East dam of High Island Reservoir, Pak Lap and Tung A	

The concerned tourism products were released to market for six months in mid-January 2018. In 2018-19, the Hong Kong Tourism Board (HKTb) will continue to work with the travel trade to promote these products in different visitor source markets, and will arrange familiarisation tours for overseas media and trade.

In addition, the HKTb will continue to promote the “New Tour Product Development Scheme” in 2018-19 and encourage local travel trade to develop new and creative tour products, which include green tourism products, through subsidising part of the marketing costs for the tours.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)213****(Question Serial No. 1352)**

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 Hong Kong Tourism Board (HKTb) committed \$12 million to the Hong Kong Extended Stay Programme (ESP) and the Hong Kong Transit Programme (TP) in 2017-18, under which local travel agents were provided with funding support. The two Programmes enticed 20 000 transit visitors to stay in Hong Kong. Regarding applications made under the two Programmes, please provide the following information:

- (a) Respective figures on the applications received and approved under the two Programmes.
- (b) Tabulated details of the projects funded and the total funding amount as below:

ESP		
Name of Funded Project	Project Details	Funding Amount
Total Funding Amount		
Number of Transit Visitors Enticed		
TP		
Name of Funded Project	Project Details	Funding Amount
Total Funding Amount		
Number of Transit Visitors Enticed		

- (c) Whether the two Programmes will be continued in view of the applications and achievements made.
- (d) Any efforts to be made to introduce enhancement measures under the two Programmes so as to achieve the objectives of enticing transit visitors to stay and spend in Hong Kong and stimulating the local tourism.

Asked by: Hon YIU Si-wing (Member Question No. (LegCo use): 2)

Reply:

The Hong Kong Transit Programme as rolled out by Hong Kong Tourism Board (HKTB), which targets transit visitors connecting through Hong Kong for over six hours, aims at drawing more visitors to and increasing their spending in Hong Kong by rolling out attractive offers in collaboration with local airlines and travel trade partners. The Programme received 14 applications and 4 travel products were launched in September 2017:

Hong Kong Transit Programme	
Name of Funded Product	Product details
Airport Express Same-Day Return Ticket	<ul style="list-style-type: none"> • Airport Express Same-Day Return Ticket • (Tsing Yi / Kowloon / Hong Kong Station) • Original Price: \$115 • Free offer for eligible visitors
Relax at Disneyland Walt's Cafe	<ul style="list-style-type: none"> • Round-trip shuttle transfer between the airport and Hong Kong Disneyland • Lunch or afternoon tea at Disneyland Walt's Cafe • Original Price: \$567 • Eligible visitor pays: \$220
360 Transit in Lantau	<ul style="list-style-type: none"> • Round-trip cable car tickets in Standard/ Crystal Cabin (with express boarding) • Entrance to Stage 360, Motion 360, and Walking with Buddha • Original Price: \$375 (Standard) / \$445 (Crystal) • Eligible visitor pays: \$135 (Standard)/ \$205 (Crystal)
Flash Visit Hong Kong Disneyland	<ul style="list-style-type: none"> • Round-trip shuttle transfer between the airport and Hong Kong Disneyland • Visit to Hong Kong Disneyland • Original Price: \$829 • Eligible visitor pays: \$385

The Hong Kong Extended Stay Programme as rolled out by HKTB, which targets visitors traveling to Hong Kong for three nights or more, aims at encouraging visitors to extend their stay by rolling out complimentary experiences with diverse themes in collaboration with local airlines and travel trade partners. The Programme received 39 applications and 4 travel products were launched in September 2017:

Hong Kong Extended Stay Programme	
Name of Funded Product	Product details
Hop-on, Hop-off Open Top Bus Sightseeing Tour	<ul style="list-style-type: none"> • 1 day Classic Ticket: unlimited access to the HK Island Tour, Kowloon Tour, and Stanley Tour • Peak Tram Sky Pass or admission ticket to Sky100 HK Observation Deck • Star Ferry ride (round-trip) • Sampan ride in Aberdeen • Original Price: \$480 / Free offer for eligible visitors
Deluxe Hong Kong Island Combo	<ul style="list-style-type: none"> • Deluxe Hong Kong Island Tour: Peak Tram to the Peak, Sky Terrace 428 Viewing Platform, Aberdeen Fishing Village and Stanley Market • Complimentary classic rickshaw open-top bus ticket • One-way Airport Express Ticket • Local mobile data pass • Original Price: \$737 / Free offer for eligible visitors
Old Hong Kong Experience	<ul style="list-style-type: none"> • An Old Town Walking Tour in Central and Sheung Wan • Local snacks (milk tea and French toast) • Tram ride from Sheung Wan to Central • DukLing Harbour Cruise • Original Price: \$430 / Free offer for eligible visitors
Kowloon Cultural & Life Tour	<ul style="list-style-type: none"> • Kowloon Cultural & Life Tour: Chi Lin Nunnery, Nan Lian Garden, Bird Garden and Flower Market • Hotel pick up and drop off • Original Price: \$450 / Free offer for eligible visitors

Subsidies for the Hong Kong Transit Programme and the Hong Kong Extended Stay Programme are allocated to the relevant operators according to the final sales of the products. The amount of subsidies directed can only be finalised after completion of the programmes, and therefore the figures are unavailable meanwhile.

In partnership with local airlines, the two programmes have been launched in the Mainland, Taiwan, Japan, Singapore, Indonesia, Australia, the UK and the US, and related marketing promotions have been rolling out in these markets.

Both programmes are aimed at testing market responses on related products. The HKTb will continue to explore with the related airlines to roll out the programmes in more source markets and implement enhancement measures by strengthening collaboration with the trade to expand promotion channels, with a view to enticing more transit visitors and extend the visitors' stay in Hong Kong. The promotion periods for both programmes are 9 months. Upon completion, the HKTb will review the operation of the programmes and evaluate their effectiveness.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)214****(Question Serial No. 1353)**

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 Hong Kong Tourism Board (HKTb) committed \$3 million to supporting the industry in developing shore excursion products for cruise tourists in 2017-18. Regarding applications made under the programme concerned, will the Government inform this Committee:

- (a) of the respective figures on the applications received and approved since the implementation of the programme;
- (b) of the tabulated details of the projects funded and the total funding amount as below; and

Name of Funded Project	Project Details	Funding Amount
Total Funding Amount		

- (c) whether the programme will be continued in 2018-19; if yes, the specific work plan; if not, the reasons for that?

Asked by: Hon YIU Si-wing (Member Question No. (LegCo use): 3)

Reply:

The Government is committed to developing cruise tourism in Hong Kong. Apart from providing infrastructure for cruise tourism, the Government is also committed to developing attractive shore excursion itineraries to enrich cruise visitors' experiences.

In 2017-18, the Government allocated an additional provision of \$3 million for the Hong Kong Tourism Board (HKTb) to roll out the “Shore Excursion Product” scheme, which aims to support the trade in developing and promoting shore excursion products, thereby encouraging more cruise visitors to join different shore excursion itineraries.

The HKTb has explored with a number of cruise lines and local trade organisations the local programmes for the itineraries under the “Shore Excursion Product” scheme. As at January 2018, the HKTb had received 3 applications involving 4 product items. After the vetting and approval process, the HKTb has collaborated with 3 cruise lines and local trade organisations to roll out 4 shore excursion product items, including “Green Tourism - Dragon’s Back Hilltop Hike”, “Tai Chi Experiences, Dim Sum & Tea Tour”, “Hong Kong Highlights with Hong Kong Wine & Dine Festival” and “Hong Kong Wine & Dine Festival”. As the amount of funding provided for and other details of individual items involve the sales figures of cruise lines and trade organisations, which are commercially sensitive information, the HKTb is unable to provide the relevant figures.

In 2018-19, the HKTb will not continue with the “Shore Excursion Product” scheme, but will concentrate its resources by deploying the additional provision from the Government to other initiatives to respond to the latest market situation more effectively. Their initiatives will include seizing the opportunities brought about by the upcoming commissioning of the Guangzhou-Shenzhen-Hong Kong Express Rail Link (XRL) and its connection with the express rail network in the mainland to launch travel products that bundle XRL tickets with cruise travel. Specific measures include stepping up promotion in the central and western regions of the mainland (in particular, some of the mainland cities along the express rail network) to encourage tourists from the mainland or other source markets to come to Hong Kong to join cruises by XRL or by air as well as to stay overnight in Hong Kong before or after their cruise journeys. In addition, the HKTb will leverage on the competitive advantages of Hong Kong in terms of tourist attractions to launch special offer packages that cover cruise and attractions, with a view to further consolidating the source markets thereat in southern China. The HKTb will closely monitor the needs of the trade and suitably deploy its recurrent subvention to support the trade in developing more shore excursion itineraries with local characteristics through other means.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)215****(Question Serial No. 1354)**

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 2016, the Government started to promote “fly-cruise” tourism by collaborating with cruise lines and travel agents on a matching fund basis to expand the cruise market. Regarding details on the promotion of “fly-cruise” programmes, will the Government inform this Committee:

- (a) of the details of the programmes funded and the total funding amount to be tabulated as below;

Name of Funded Programmes	Programme Details	Funding Amount	Number of Participants
Total			

- (b) as it is mentioned in the work plan for 2018-19 that the Government will continue to promote fly-cruise tourism, of the specific plan for such promotion work in view of the applications and achievements made under these programmes in the past; and
- (c) whether any enhancement measures will be introduced under “fly-cruise” programmes so as to achieve the objective of developing Hong Kong into a leading cruise hub in the region; if yes, the details; if not, the reasons for that?

Asked by: Hon YIU Si-wing (Member Question No. (LegCo use): 4)

Reply:

(a)

The Government has provided additional funding of \$10 million in each of the financial year of 2016-17 and 2017-18 to the Hong Kong Tourism Board (HKTb) to launch the promotional scheme for “fly-cruise” tours. The scheme involves collaboration with international cruise lines and travel agencies on a matching fund basis to encourage visitors to take flights to and join cruise journeys in Hong Kong, and to stay overnight in Hong Kong before or after the cruise journeys. We hope to diversify our source markets, extend cruise passengers’ length of stay and increase their spending in Hong Kong through this promotional scheme.

Since the launch of the scheme in mid-2016 and up to February 2018, the HKTb has collaborated with 8 cruise lines and travel agencies in organising a total of 49 promotional campaigns in 12 source markets, including the mainland, North Asia, Taiwan, Southeast Asia, India, Australia, the United Kingdom and the United States. The campaigns included putting up advertisements on different types of media (e.g. television and social media), organising trade shows, road shows, familiarisation tours for the trade and the media, as well as production of television programmes, IT application programmes and pamphlets. Since the details, such as the approved amount of sponsorship and number of participants of individual cruise lines and travel agencies, involve commercially sensitive information, the HKTb is unable to provide the relevant figures.

There has been a significant increase in non-transit cruise visitor throughput from international source markets (including long-haul markets such as Europe, the United States, Australia and New Zealand, and short-haul markets such as Japan, Korea, Taiwan and Southeast Asia), from 128 319 in 2016 to 187 175 in 2017, representing a growth of 46%. This has shown that the scheme is starting to yield results.

(b) & (c)

Considering the outcome of the scheme and the response from the trade, the Government will continue to allocate additional resources to HKTb in 2018-19 to launch the “fly-cruise” promotion scheme. The HKTb will continue with the collaboration with international cruise lines and travel agencies on a matching fund basis to promote “fly-cruise” travel products. Apart from that, to seize the opportunities brought about by the upcoming commissioning of the Guangzhou-Shenzhen-Hong Kong Express Rail Link (XRL), the scheme will be expanded to support the trade in launching new travel products that bundle XRL tickets with cruise travel, with a view to cultivating more source markets and increasing the depth of market penetration. Specific measures include stepping up promotion in the central and western regions of the mainland (in particular the mainland cities along the express rail network) to encourage tourists from the mainland or other source markets to come to Hong Kong to join cruises by XRL or by air as well as to stay overnight in Hong Kong before or after their cruise journeys.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)216****(Question Serial No. 1355)**

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 promoting organisation of Mega Events in Hong Kong, will the Government inform this Committee of the following:

1. after the expiry of the "Mega Events Fund" in March 2017, whether the Government has continued to provide funding support for Mega Events; if so, please provide the details, including the event titles, organisers, event nature, funding amounts and the number of tourist participants;
2. the specific work plan, expenditure earmarked and targets for promoting mega events by the Government in 2018-19?

Asked by: Hon YIU Si-wing (Member Question No. (LegCo use): 5)

Reply:

1. and 2.

In 2017-18, the Government supported the staging of mega events in Hong Kong through allocating funding to the Hong Kong Tourism Board (HKTb). Details of the events supported by the HKTb are as follows:

Project title	Organiser	Nature	Funding ceiling (\$ million)	Number of participating visitors
Hong Kong Tennis Open	Hong Kong Tennis Open Event Management Limited	Professional international tennis tournament	9	3 000 ^{Note}

Project title	Organiser	Nature	Funding ceiling (\$ million)	Number of participating visitors
Hong Kong Open	Hong Kong Golf Association Hong Kong Golf Club	Professional international golf tournament	15	9 976 ^{Note}

Note : Expected numbers. The actual numbers will be confirmed after the HKTb has completed assessment of the evaluation reports as submitted by the event organisers.

In addition, the Government allocated \$93.3 million to implement the following work under the new strategy in 2017-18:

- (1) the Tourism Commission to provide “one-stop” support to large-scale commercial events with significant tourism merits (e.g. the FIA Formula E Hong Kong E-Prix), including enhancing the communication and cooperation among the organisers and the Government bureaux / departments;
- (2) to enhance four home-grown events (including the Hong Kong Dragon Boat Carnival, the Hong Kong Cyclothon, the Hong Kong Wine & Dine Festival and the Tai Hang Fire Dragon Dance) with a view to marketing them as signature events in Asia;
- (3) to support the marketing and publicity of international events with significant branding impact (including the Art Basel, the Hong Kong Sevens, the Hong Kong Tennis Open and the Hong Kong Open) to be held continuously in Hong Kong; and
- (4) to implement the Pilot Scheme for Characteristic Local Tourism Events for providing funding support for arts, cultural, festivals, dining or sports events with Hong Kong’s local characteristics and unique attributes.

In 2018-19, the Government will allocate \$121.3 million to continue the implementation of the above work under the new strategy so that events and activities of different scales and types could be supported according to their needs, and as a result Hong Kong will have a wide range of events and activities with local characteristics throughout the year to attract more visitors to Hong Kong.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)217

(Question Serial No. 1356)

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 view of the rapid development of e-sports, the Hong Kong Tourism Board held the first e-Sports & Music Festival in August last year, and the public's response to the event has generally been favourable. Recently, Hong Kong Cyberport Management Company Limited also released a report putting forward specific directions for e-sports development. In this connection, will the Government inform this Committee of the following:

1. relevant data of the first e-Sports & Music Festival, including expenditure, revenue, overall attendance, age distribution of the audience attending the event, per capita spending, and the percentage of overseas visitors; and
2. whether the Government will continue to organise related events in 2018-19 based on the mode of the e-Sports & Music Festival; if yes, of the overall plan; and if no, of the reasons for that.

Asked by: Hon YIU Si-wing (Member Question No. (LegCo use): 6)

Reply:

1. To attract young visitors and strengthen Hong Kong's position as the events capital of Asia, the Hong Kong Tourism Board (HKTb) organised the first e-Sports & Music Festival Hong Kong at the Hong Kong Coliseum in August 2017. The event included elements of e-Sports, music and gourmet and was one of the events commemorating the 20th anniversary of the establishment of the Hong Kong Special Administrative Region.

The 3-day event attracted an attendance of about 60 000 persons, which included about 10% of visitors. The total attendance rate of the e-Sports tournaments and music concert was about 80% and over 80% of the audience belonged to the young segment under 30 years old. Per capita spending figures were not available for this event.

The overall expenditure for organising and marketing the e-Sports & Music Festival Hong Kong was around \$58 million, with funding support from the Government, sponsorship as well as revenue from ticket and merchandise sales of e-Sports related products and food and beverage.

2. In 2018-19, the HKTb will continue to organise a similar event based on the 2017 e-Sports & Music Festival Hong Kong. Details and scale of the event are still under planning which HKTb will announce later.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)218

(Question Serial No. 1364)

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 proposed in the Budget that a total of \$250 million additional funding will be provided to the Hong Kong Trade Development Council (TDC) in the next 5 years for assisting local small and medium enterprises and enhancing Hong Kong's role as a premier international convention and exhibition centre. In this connection, will the Government inform this Committee of:

- 1) the scope of industries to be covered by the funding support for conventions and exhibition events;
- 2) the specific measures to be taken to enhance the appeal of Hong Kong in respect of convention, exhibition and tourism; and
- 3) the respective estimated expenditures in the next 5 years?

Asked by: Hon YIU Si-wing (Member Question No. (LegCo use): 17)

Reply:

The Budget proposes that in the five financial years from 2018-19, a total of \$250 million additional funding (i.e. \$50 million in each financial year) will be provided to the Hong Kong Trade Development Council (TDC) for assisting local enterprises (in particular small and medium enterprises) in seizing opportunities arising from the Belt and Road Initiative and the development of the Guangdong-Hong Kong-Macao Bay Area, promoting the development of e-commerce, and enhancing Hong Kong's role as a premier international convention, exhibition and sourcing centre. The additional funding is included in the Government subvention to TDC in 2018-19.

TDC will make use of the additional funding to implement various initiatives to enhance Hong Kong's role as a premier international convention, exhibition and sourcing centre. All industries can be benefited. Key initiatives include:

- Co-organise the third Belt and Road Summit with the Government on 28 June 2018. The Summit will target at the professional needs of potential investors and focus on the promotion of Hong Kong's strengths in infrastructure financing, risk management, dispute resolution, etc. The duration of the one-to-one business matching session will also be extended from half day to full day;
- Enhance online sourcing platform by strengthening cooperation with m-commerce or e-tailing platforms to promote Hong Kong brand products, as well as organise customised business matching and networking programmes to connect Hong Kong brands with online retailers;
- Establish online exhibition platform as professional sourcing website to enable buyers to source online and more suppliers to showcase their products year-round; and launch e-badge to provide buyers with seamless online-to-offline experience; and
- Launch an "all-in-one" mobile app for TDC's conferences to build an online community for participants to facilitate exchanges and enhance experience.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)219****(Question Serial No. 1367)**

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:

Shortage of venues is the biggest challenge facing the convention and exhibition industry in Hong Kong. Please tabulate the respective numbers of days that the venues of the Hong Kong Convention and Exhibition Centre (HKCEC) and the AsiaWorld-Expo (AWE) reached saturation and the numbers of applications turned down due to shortage of space over the past 5 years.

	Year	Number of days on which venue reached saturation	Number of exhibition events turned down due to shortage of space	Number of conferences turned down due to shortage of space
HKCEC	2013			
	2014			
	2015			
	2016			
	2017			
AWE	2013			
	2014			
	2015			
	2016			
	2017			

Asked by: Hon YIU Si-wing (Member Question No. (LegCo use): 20)

Reply:

According to the information provided by the management companies of the Hong Kong Convention and Exhibition Centre (HKCEC) and AsiaWorld-Expo (AWE), the number of days (including fair period, move-in and dismantling) that the two venues reached saturation and the number of applications for venue rental turned down due to shortage of space over the past five years are tabulated below:

	Year	Number of days on which venue reached saturation*	Number of applications for venue rental for exhibitions turned down due to shortage of space	Number of applications for venue rental for conferences turned down due to shortage of space
HKCEC	2013	65	19	20
	2014	74	21	20
	2015	75	24	23
	2016	71	13	22
	2017	74	18	38
AWE	2013	27	4	13
	2014	52	17	13
	2015	60	26	19
	2016	66	24	19
	2017	70	34	22

* The figures for HKCEC are the number of days that purposely-built exhibition facilities reached saturation.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)220****(Question Serial No. 1368)**

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 Hong Kong Tourism Board provided \$11.1 million in 2017-18 for waiving local traders' participation fees for overseas promotional fairs. With regard to applications for the waiver, please inform this Committee of the following:

1. Please tabulate the details of the subsidised items and the total amount of subsidies:

Name of subsidised promotional fair	Number of trade members who received the subsidy	Amount of subsidy
Total amount of subsidies		

2. Will the Government continue to promote the waiver scheme in 2018-19? If yes, what is the specific work plan? If no, what are the reasons?

Asked by: Hon YIU Si-wing (Member Question No. (LegCo use): 21)

Reply:

In 2017-18, the Hong Kong Tourism Board (HKTb) encouraged local travel trade to join the HKTb in overseas promotion events through the provision of fee waivers. Details of subsidies provided are as follows:

Types of subsidised promotional fairs	Number of trade members who received the subsidy
<u>Trade shows:</u> The Mainland The U.S. Germany Hong Kong Macau India	219
<u>Travel missions & consumer shows:</u> Canada India Indonesia South Korea Malaysia Thailand The Philippines The U.S. The U.K France	292
<u>Travel missions for non-local trade:</u> (Co-ordinating the participation of local travel trade) Japan Russia Taiwan The Mainland Southeast Asia	479

The Government provided an additional funding of \$11 million with an aim of waiving the participation fees for the travel trade. The relevant funding was not provided to the trade direct.

In 2018-19, the HKTb will continue to offer fee waivers to the local trade for participating in overseas promotional fairs with the additional funding of \$11 million provided by the Government.

- End -

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1376)

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 revised estimate for 2017-18 is 65% lower than the original estimate for 2017-18, which means an actual decrease of nearly \$500 million. Why?

Asked by: Hon YIU Si-wing (Member Question No. (LegCo use): 30)

Reply:

The revised estimated under Programme (2) for 2017-18 is \$479.8 million (-65%) lower than the original estimate for 2017-18. The decrease is largely due to -

- Decrease of \$412 million in cash flow requirement for the Special Concessionary Measures under the SME Financing Guarantee Scheme (SFGS). Under the Measures, the Government is required to pay sufficient amount of funds to the Hong Kong Mortgage Corporation Limited in meeting the required payments for default compensations and necessary out-of-pocket expenses. The actual cash flow requirement under the Measures may fluctuate every year. For 2017-18, there is no cash flow requirement for the Measures.
- Decrease of \$35 million in cash flow requirement for the Professional Services Advancement Support Scheme. The actual cash flow requirement depends on the number of applications approved and the amount granted. In 2017-18, the Government began to process funding applications (in four rounds), and the funded projects only commenced in batches from mid-2017 onwards. Hence, the 2017-18 expenditure is lower than the original estimate.
- Decrease in expenditure on personal emoluments of \$6.9 million due to vacant posts and staff changes.

- Decrease of \$5.8 million in cash flow requirement for the Measures for Manpower Development of Retail Industry, mainly due to the lower-than-expected production cost and expenditure for publicity and promotion work, and no allocation of additional funds to implement the Retail Technology Adoption Assistance Scheme for Manpower in 2017-18.
- Decrease of \$5 million for the subscription to the World Trade Organization.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)222****(Question Serial No. 1378)**

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:

Of the additional provision of \$396 million set aside in the Budget for the tourism industry, \$226 million will be allocated to the Hong Kong Tourism Board (HKTB), and \$30 million to the Travel Industry Council of Hong Kong for enhancing the Pilot Information Technology Development Matching Fund Scheme for Travel Agents. For the remaining \$140 million of the financial provision, what are the departments that will receive funding and what are the projects to be launched?

Department receiving funding	Tourism projects to be launched	Amount of additional funding
Total		\$140 million

Asked by: Hon YIU Si-wing (Member Question No. (LegCo use): 32)

Reply:

The Government of this term has set out a comprehensive “Development Blueprint for Hong Kong’s Tourism Industry” (the Development Blueprint), which outlines the vision and mission of tourism development for developing Hong Kong into a world-class premier tourism destination and ensuring the balanced, healthy and sustainable development of the industry.

To implement the four development strategies under the Development Blueprint, the Government has allocated an additional \$396 million in 2018-19 for the tourism industry, including the additional funding of \$226 million for the Hong Kong Tourism Board, as well as the remaining \$170 million for the Tourism Commission mainly for taking forward

12 new initiatives to promote tourism development (including the allocation to the Travel Industry Council of Hong Kong (TIC) for the Information Technology Development Matching Fund Scheme for Travel Agents). The 12 new initiatives will be rolled out progressively within the next few years starting from 2018-19, and the relevant information and resources allocated to these initiatives are shown in the following table –

Tourism Commission

New initiatives to promote tourism development	Additional funding amount in 2018-19 (\$ million)
<u>Strategy 1: To develop a diversified portfolio of visitor source markets for Hong Kong, with a focus on attracting high value-added overnight visitors</u> (1) Organising a tourism forum under the dual themes of “Belt and Road” and “Bay Area” with business matching conference for the travel trade (2) Supporting TIC in arranging visits for Hong Kong travel agents to “Bay Area” (3) Supporting TIC in developing a new web-based tourism resource forum about “Belt and Road” countries and the “Bay Area” cities (4) Supporting tourist attractions in enhancing competitiveness and promotion in visitor source markets	21
<u>Strategy 2: To nurture and develop tourism products and initiatives with local and international characteristics</u> (5) Tourism project making use of creative and multimedia technology (6) Light installation project at the Central Harbourfront (7) New tourism projects with creative, artistic and cultural elements (8) New pilot arts cum historical, cultural and green tourism event at Yim Tin Tsai of Sai Kung (9) Enhancing the tourism supporting facilities of some popular hiking trails and those with good tourism potentials (10) Ocean Park’s education tourism projects and a new 3D projection-cum-water light show	110
<u>Strategy 3: To develop smart tourism</u> (11) Launching new smart travel landing page	1.4
<u>Strategy 4: To upgrade the service quality of tourism industry</u> (12) Supporting TIC to continue to implement and enhance the Information Technology Development Matching Fund Scheme for Travel Agents	30
Total	163

Note: Together with the additional provision of \$7.4 million in 2018-19 for preparing for the establishment of the Travel Industry Authority, the additional provision to the Tourism Commission in 2018-19 amounts to \$170 million in total.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)223****(Question Serial No. 1380)**

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 Budget has set aside an additional funding of \$226 million for the Hong Kong Tourism Board. Please list in detail the distribution of the additional funding.

Tourism projects to be implemented	Amount of additional funding
Total	\$226 million

Asked by: Hon YIU Si-wing (Member Question No. (LegCo use): 34)

Reply:

The Hong Kong Tourism Board (HKTb) was allocated an additional funding of \$226 million by the Government in the 2018-19 Budget to launch the following initiatives to tie in with the strategic directions as set out in the Government's Tourism Blueprint.

Tourism projects to be implemented	Additional funding amount in 2018-19 (\$ million)
<u>Strategy 1: To develop a diversified portfolio of visitor source markets for Hong Kong, with a focus on attracting high value-added overnight visitors</u> (1) Thematic advertising in source markets (2) District programmes (3) Waiver of participation fees of local travel trade in joining overseas promotions (4) Participating in overseas promotional events organised by the Trade Development Council (5) Overseas promotion for new tourism offerings	84
<u>Strategy 2: To nurture and develop tourism products and initiatives with local and international characteristics</u> (6) Stepping up promotions for the Express Rail Link Hong Kong Section and the Hong Kong-Zhuhai-Macao bridge (7) Stepping up promotions of green tourism (8) Subsidising the travel trade to attract more small- and medium-sized MICE events to Hong Kong (9) Enriching mega events' content and enhancing promotions of various large-scale events (10) Promoting "Fly-Cruise" and "Rail-Cruise" programme (11) Collaborating with cruise lines to develop more source markets	120
<u>Strategy 3: To develop smart tourism</u> (12) Revamping discoverhongkong.com website (13) Enhancing digital platforms' content	13.73
<u>Strategy 4: To upgrade the service quality of tourism industry</u> (14) Stepping up promotions of the "Quality and Honest Hong Kong Tour" and the "Quality Tourism Services" schemes	8
Total	226

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)224****(Question Serial No. 1381)**

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 the 2016-2017 Budget, the Government allocated HK\$10 million for the establishment of the Pilot Information Technology Development Matching Fund Scheme for Travel Agents. On a matching basis, the Scheme subsidises small and medium-sized travel agencies in using information technology to expand their business. The Budget this year will allocate an additional funding of \$30 million to the Travel Industry Council of Hong Kong for the continuation and enhancement of the above Scheme.

1. What are the number of applications received and the number of successful applications respectively since the launch of the Scheme?
2. Please list the details of projects subsidised and/or the amounts of subsidy:

Title of project subsidised	Details of the project	Amount of subsidy
Total		

3. Having regard to the implementation of the Scheme, what enhancement measures will be taken forward by the Government to help small and medium-sized travel agencies make better use of information technology to expand their business?

Asked by: Hon YIU Si-wing (Member Question No. (LegCo use): 35)

Reply:

The Government allocated \$10 million in 2016-17 to launch the Pilot Information Technology Development Matching Fund Scheme for Travel Agents, through the Travel Industry Council of Hong Kong (TIC), to subsidise small and medium-sized travel agents,

on a matching basis, to make use of information technology so as to enhance the competitiveness of the industry. Since the launch of the Scheme, applications from 119 travel agents have been received, among which 114 applications have been approved, involving about \$10 million. Upon entering into funding agreements with the successful travel agents, TIC has uploaded the information about the projects to its website (http://www.tichk.org/public/website/en/member_service/IT_approved_projects.pdf).

In view of the positive feedback of the trade, the Government has allocated an additional funding of \$30 million in 2018-19 to TIC for enhancing the Scheme, so as to encourage more small and medium-sized travel agents to make use of information technology, including elevating service quality, strengthening information system security, improving crowd management of inbound tour groups, etc. The Government will start preparations with TIC, including considering expansion of the funding scope to cover hardware and subscription-based technological services or solutions, and formulating other details.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)225****(Question Serial No. 1384)**

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 announced in the Budget, a total of \$310 million will be allocated in the next few years to support the Ocean Park in developing education and tourism projects. Please set out the details of the use of this funding, including the year, annual amount and targets.

Asked by: Hon YIU Si-wing (Member Question No. (LegCo use): 38)

Reply:

We announced in the 2018-19 Budget that a total of \$310 million would be allocated in the next few years to support the Ocean Park in developing education tourism projects and staging a new 3D projection-cum-water light show with local elements. These two items are time-limited measures to be implemented in the coming 5 years (2018-19 to 2022-23). The initial estimated annual expenditure is as follows –

Financial Year	2018-19 (\$ million)	2019-20 (\$ million)	2020-21 (\$ million)	2021-22 (\$ million)	2022-23 (\$ million)
Estimated Expenditure	26.3	61.8	103.2	89.2	29.5

The Ocean Park is an important tourist attraction in Hong Kong. Having considered its substantial experience in launching conservation-cum-edutainment programmes, we believe allocating funds to the Park to promote education tourism in the form of partnership would be beneficial to the tourism and economic development and strengthen Hong Kong's position as a premier destination for family visitors.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)226****(Question Serial No. 1386)**

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 2018-19, it is stated that the CITB will work with relevant government departments, including the Agriculture, Fisheries and Conservation Department, to diversify and promote the green tourism products on offer in Hong Kong through enhancing the tourist-friendliness of hiking trails.

1. What is the amount of financial expenditure (including publicity expenses) earmarked for such work?
2. What hiking trails and tourist-friendly facilities are planned to be enhanced? What are the respective estimated expenditure?

Name of hiking trail	Proposed additional facilities	Estimated expenditure
Total		

Asked by: Hon YIU Si-wing (Member Question No. (LegCo use): 41)

Reply:

- (1) In order to promote green tourism, the Government has earmarked an annual funding of \$15 million from 2018-19 to 2022-23 to enhance the tourism supporting facilities of some popular hiking trails as well as those with tourism appeal potential within country parks.

- (2) The proposed works mainly cover improvement to existing hiking trail network, control of soil erosion at the trails, enhancement of vegetation coverage, addition of lookout points and enrichment of information boards, etc. In the first phase, the Government will enhance the supporting facilities of Dragon's Back (Shek O Country Park), Peak Trail (Pokfulam Country Park), Wu Kau Tang to Lai Chi Wo (Pat Sin Leng Country Park), Shing Mun Reservoir Walk (Shing Mun Country Park), MacLehose Trail Section 1 (Sai Kung East Country Park) and Lantau Trail Section 2 (Lantau South Country Park), etc. Furthermore, the Government will enhance the relevant thematic website and mobile application to provide detailed information on hiking to enrich visitors' experience. Details of the improvement works on individual trails are being worked out and the estimated expenditure of the works cannot be provided for the time being.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)227****(Question Serial No. 1387)**

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 the activities launched under the promotion for multi-destination tourism products, the funding injected and the number of visitors participating in multi-destination itineraries during the past 5 years.

Year	Promotion activities	Funding injected
2013		
	Total no. of participating visitors	
	Total amount of funding injected	
2014		
2015		
2016		
2017		

2. In view of the commissioning of the Hong Kong-Zhuhai-Macao Bridge and the Guangzhou-Shenzhen-Hong Kong Express Rail Link, are there any plans to increase expenditure and enhance publicity? If yes, what are the details and the expenditure involved? If not, what are the reasons?

Asked by: Hon YIU Si-wing (Member Question No. (LegCo use): 42)

Reply:

1. In the past 5 years (from 2013 to 2017), the Hong Kong Tourism Board (HKTb) actively promoted multi-destination tourism in collaboration with various tourism authorities, including joining hands with partners such as the Guangdong Provincial Tourism Administration, the Shenzhen Municipal Bureau of Culture, Sports and Tourism, the Zhuhai Culture, Sports and Tourism Bureau, the Zhongshan Municipal Tourism Bureau, the Macao Government Tourism Office and the Tourism Authority of Thailand to promote, through initiatives including trade briefings, familiarisation tours, exhibitions, roadshows and advertisements, multi-destination products and itineraries that feature Hong Kong in a myriad of long- and short-haul markets including Singapore, Malaysia, Indonesia, Thailand, Japan, Korea, India, Russia, the United Kingdom, France, Germany, the United States, Canada, Australia and New Zealand through initiatives including trade briefings, familiarisation tours, exhibitions, road shows and advertisements. The numbers of such dedicated initiatives for the promotion of multi-destination tourism are as follows –

Calendar Year	Promotional Initiatives (Number)
2013	22
2014	26
2015	33
2016	23
2017	20
Total	124

The expenditures spent by the HKTb on driving the development of multi-destination tourism and promotional strategies in the past 5 financial years are as follows –

Financial Year	2013/14	2014/15	2015/16	2016/17	2017/18*
Expenditure	\$3.7 million	\$2.8 million	\$3.9 million	\$3.4 million	\$2.9 million

*The figure for financial year 2017/18 is a revised estimate

Note: Promotional activities involving multi-destination tourism were jointly carried out by the HKTb and other partners. The expenditures above only reflect the contributions by the HKTb but not those by other partners.

Based on the HKTb's statistics, overnight visitor arrivals to Hong Kong with multi-destination itineraries in the past 5 years are as follows –

Calendar Year	2013	2014	2015	2016	2017
Visitor Arrivals	6.38 million	6.82 million	6.16 million	6.08 million	6.14 million

2. In view of the upcoming commissioning of the Hong Kong-Zhuhai-Macao Bridge (HZMB) and the Hong Kong Section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link (XRL), the HKTb plans to conduct publicity through various channels in Mainland China and overseas to draw more visitors to Hong Kong. Relevant initiatives include –
- to invite regional, national and international media to feature the two infrastructures upon their commissioning with highlights on Hong Kong's comparative advantage in improved transport connectivity with Mainland cities nearby, so as to attract more international visitors to Hong Kong on a multi-destination basis utilising the two infrastructures, as well as to encourage more Mainland visitors to visit Hong Kong via them;
 - to jointly produce TV programmes with other tourism promotional organisations within the Bay Area to showcase the latest developments of, as well as tourism resources such as local delicacies and theme parks within, the region;
 - to launch tourism products with special offers and themed on inaugural XRL trips from Guiyang, Wuhan, Changsha, Xiamen, Nanchang, Fuzhou, Shantou, Guangzhou, Dongguan and Shenzhen to Hong Kong; and
 - to collaborate with cruise lines to launch tourism products integrating XRL and cruise itineraries, as well as step up promotion and publicity in central and western China.

The HKTb's total marketing budget for 2018-19 is \$157.1 million, which includes expenditures on publicity work with regard to the two infrastructures. In addition, the Government has also allocated an additional funding to the HKTb as stated in the Budget. The HKTb will use about \$10 million of the additional funding to step up publicity and promotion upon the commissioning of the two infrastructures.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)228

(Question Serial No. 0945)

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:

Would the Administration inform this Committee of the work plans to be undertaken in 2018-19 in enabling Hong Kong's participation in the Belt and Road Initiative (B&RI) and the staff establishment and estimated expenditure involved? Would the Administration consider setting up Economic and Trade Offices in other B&R countries to attract foreign investment to Hong Kong and facilitate Hong Kong's participation in the B&R Initiative?

Asked by: Hon YUNG Hoi-yan (Member Question No. (LegCo use): 50)

Reply:

In 2018-19, the Government will further strengthen communication and relationship with the relevant Mainland authorities in pursuing the Belt and Road Initiative (B&RI). A Joint Conference mechanism will be established under the Arrangement between National Development and Reform Commission and HKSAR Government on Advancing Hong Kong's Full Participation in and Contribution to Belt and Road Initiative (the Arrangement), which was signed in December 2017. The Belt and Road Office (BRO) will co-ordinate the implementation of the measures in the Arrangement. Continued efforts will be made to reinforce links with the Mainland as well as countries and regions along and related to the Belt and Road, including leading business and professional delegations to visit these economies with a view to exploring new investment and co-operation opportunities under B&RI. As well, BRO will continue to co-organise with Hong Kong Trade Development Council the third Belt and Road Summit in June 2018, making it a key platform to promote and foster Hong Kong as an international Belt and Road commerce and trading platform. In 2018-19, BRO plans to increase its total establishment to 21 (19 permanent and 2 time-limited posts), and the estimated expenditure is \$39.137 million.

The Government plans to set up Economic and Trade Offices (ETOs) in Korea, Thailand, India, Russia, the United Arab Emirates, etc. in order to further expand the network of our overseas ETOs and strengthen our work on external promotion.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)229

(Question Serial No. 2611)

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 matters requiring special attention in 2018–19 under Programme (2), it is stated that the Government will continue to sustain and step up publicity and public relations efforts in various countries. In the this connection, please advise this Committee of the following:

1. What are the details of developing strategies for city branding and publicity?
2. What are the expenditures involved for the above strategies in the past 3 years and the estimated expenditures for this year?

Asked by: Hon CHOW Ho-ding, Holden (Member Question No. (LegCo use): 53)

Reply:

The Overseas Economic and Trade Offices (ETOs) are the official representatives of the HKSAR Government abroad. With the exception of the Geneva ETO which represents Hong Kong at the World Trade Organization, the ETOs are responsible for fostering ties and handling all bilateral matters between Hong Kong and the trading partners under their respective purviews, mainly at the government-to-government level, in various areas such as economy, trade, investment, culture, etc. They also seek to promote Hong Kong's interests by monitoring closely developments that may affect Hong Kong, conducting promotion work (e.g. giving public speeches, issuing press releases, etc.), liaising closely with Hong Kong enterprises and a wide range of interlocutors, as well as providing them with information and enquiry services about Hong Kong.

Besides, our ETOs collaborate closely with other Hong Kong overseas agencies, such as the Hong Kong Trade Development Council, Hong Kong Tourism Board, etc., in organising and co-organising a range of promotional activities, e.g. seminars, luncheons, receptions, exhibitions, thematic events, etc., to brief the local audience on the latest developments of Hong Kong and our advantages in various aspects, encourage local enterprises 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 and encouraging local businessmen to make use of Hong Kong's advantages in exploring business opportunities under the Initiative so as to help the commercial and professional sectors in Hong Kong open up new markets. In 2018-19, the ETOs will continue to closely collaborate with 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 the relevant promotion work is part of the overall public relations work of ETOs, the expenditures involved cannot be accurately and separately itemised.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)230****(Question Serial No. 0394)**

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 estimate last year (2017-18) that the Government planned to set up a new Economic and Trade Office (ETO) in Seoul to strengthen Hong Kong's representation in Korea to capitalise on the new business and trade opportunities in the Asian region. What are the effectiveness and the expenditure of the plan? In the new financial year of 2018-19, it is also stated that the Government plans to set up an additional ETO in the Association of Southeast Asian Nations (ASEAN) region to strengthen trade promotion work and to bring more business opportunities to Hong Kong. What are the specific plans, the expenditure involved and the anticipated effectiveness? Please explain in table form.

Asked by: Hon CHUNG Kwok-pan (Member Question No. (LegCo use): 39)

Reply:

To strengthen liaison and exchanges between the two places, we plan to set up an Economic and Trade Office (ETO) in Seoul. As setting up a new ETO involves various arrangements, we have conducted detailed discussion with the Korean Government to ensure the effective operation of the ETO. Once we have reached agreement with the Korean Government on the detailed arrangements, we will complete relevant internal procedures as soon as possible, including seeking approval from the Legislative Council for the creation of a directorate post, finding suitable office accommodation, recruiting local staff, etc., with a view to setting up the ETO as soon as possible. We are deploying existing resources to conduct the discussion work.

To enhance Hong Kong's trade relations with the Association of Southeast Asian Nations ("ASEAN"), to open up opportunities in ASEAN, as well as to actively participate in and support the "Belt and Road" Initiative, we plan to set up an ETO in Thailand. We also plan to set up ETOs in India, Russia, the United Arab Emirates, etc. in order to further expand the network of our ETOs. We have been actively discussing with the relevant host governments the detailed arrangements with a view to setting up the ETOs as soon as possible.

We will work out the estimated expenditure for the new ETOs by making reference to the establishment and expenditure of the existing ETOs, and with due consideration to the scope of work, country coverage and operational needs of the new ETOs. The timing for establishing the proposed new ETOs is subject to the progress of our discussion with the respective host governments on the detailed arrangements. For preparation of the Estimate, we have reserved \$40.71 million in the 2018-19 Estimate as the estimated expenditure.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)231

(Question Serial No. 0395)

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 attractiveness 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 or expand operations in Hong Kong and what was the expenditure involved? What are the major work plans for 2018-19, as well as the estimated expenditure and manpower involved?

Asked by: Hon CHUNG Kwok-pan (Member Question No. (LegCo use): 40)

Reply:

The overseas Economic and Trade Offices (“ETOs”) and Invest Hong Kong (“InvestHK”) work in very close partnership. InvestHK has carried out various events through Investment Promotion Units (“IPUs”) under the overseas ETOs to promote the business advantages of Hong Kong, and encourage overseas companies to set up or expand their businesses in Hong Kong as well as to use Hong Kong as a platform to access opportunities in the Mainland and elsewhere in Asia. These investment promotion efforts are effective in enhancing the understanding of overseas companies about Hong Kong’s investment environment and the advantages of investing in Hong Kong. In 2017, the number of projects completed with the support of IPUs of the overseas ETOs was 181, accounting for 45% of InvestHK’s total completed projects in the year.

The overseas ETOs and InvestHK will continue to collaborate closely in organising marketing campaigns and seminars, and conducting investment promotion visits in various overseas markets. In 2018-19, the proposed financial provision under Programme (3) Investment Promotion under Head 96 is \$69.7 million which is mainly for expenses (including personal emoluments and general operational expenditures) on investment promotion work of the ETOs.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)232

(Question Serial No. 1004)

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, it is stated that the Overseas ETOs, including the new ETOs planned to be set up, will continue to sustain and step up publicity and public relations efforts in North America, Europe, Australia, New Zealand, Japan, Korea and the ASEAN countries, and to strengthen collaboration with other Hong Kong overseas agencies in developing strategies for city branding and publicity. Please advise this Committee of the effectiveness of the work concerned in 2017-18. What was the expenditure involved? What are the specific strategies for city branding and publicity to be implemented in the new financial year of 2018-19? What is the estimated expenditure to be incurred?

Asked by: Hon CHUNG Kwok-pan (Member Question No. (LegCo use): 41)

Reply:

The Overseas Economic and Trade Offices (ETOs) are the official representatives of the HKSAR Government abroad. With the exception of the Geneva ETO which represents Hong Kong at the World Trade Organization, the ETOs are responsible for fostering ties and handling all bilateral matters between Hong Kong and the trading partners under their respective purviews, mainly at the government-to-government level, in various areas such as economy, trade, investment, culture, etc. They also seek to promote Hong Kong's interests by monitoring closely developments that may affect Hong Kong, conducting promotion work (e.g. giving public speeches, issuing press releases, etc.), liaising closely with Hong Kong enterprises and a wide range of interlocutors, as well as providing them with information and enquiry services about Hong Kong.

Besides, our ETOs collaborate closely with other Hong Kong overseas agencies, such as the Hong Kong Trade Development Council, Hong Kong Tourism Board, etc., in organising and co-organising a range of promotional activities, e.g. seminars, luncheons, receptions, exhibitions, thematic events, etc., to brief the local audience on the latest developments of Hong Kong and our advantages in various aspects, encourage local enterprises 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 and encouraging local businessmen to make use of Hong Kong's advantages in exploring business opportunities under the Initiative so as to help the commercial and professional sectors in Hong Kong open up new markets. In 2018-19, the ETOs will continue to closely collaborate with 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 the relevant promotion work is part of the overall public relations work of ETOs, the expenditures involved cannot be accurately and separately itemised.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)233

(Question Serial No. 2382)

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:

Regarding the operation of each overseas Economic and Trade Office (ETO), please provide the following information:

Operational expenses and staffing in 2017-18;

Estimated expenses and staffing in 2018-19; and

Work planned for 2018-19.

Asked by: Hon LEUNG Kenneth (Member Question No. (LegCo use): 2.03)

Reply:

The HKSAR Government has established 12 overseas Economic and Trade Offices (ETOs). The operational expenses (including personal emoluments and general operational expenditures) and staff establishment of these ETOs in 2017-18 and 2018-19 are as follows -

Office Location	2017-18 Revised Estimate Subhead 000 Operational Expenses (\$ million)	2017/18 Establishment	2018-19 Estimate Subhead 000 Operational Expenses (\$ million)	2018/19 Estimated Establishment
Jakarta	21.6	13	21.8	14
Singapore	25.5	11	21.7	11
Tokyo	46.4	14	36.1	14
Sydney	25.9	11	25.2	12
New York	33.0	14	30.9	14
San Francisco	27.9	16	28.3	16
Washington	40.6	18	40.3	18
Toronto	19.6	11	18.7	11
Berlin	30.9	4	28.9	4
Brussels	44.2	18	40.0	18
London	37.1	18	34.5	18
Geneva	39.2	15	43.5	15
Total	391.9	163	369.9	165

ETOs are the official representatives of the HKSAR Government abroad. While the Geneva ETO represents Hong Kong at the World Trade Organization, the other overseas ETOs are responsible for fostering ties and handling all bilateral matters between Hong Kong and the trading partners under their respective purviews, mainly at the government-to-government level, in various areas such as economy, trade, investment, culture, etc.

In 2018-19, our ETOs will continue to actively promote Hong Kong's advantages overseas so as to foster Hong Kong's trade and commercial interests. The ETOs will also align their work with the focuses of the Government, including attracting overseas companies to set up and expand their operations in Hong Kong, fostering expansion of overseas markets for Hong Kong enterprises (including financial, legal and other professional services), as well as showcasing arts, culture and creative soft powers of Hong Kong, etc. with a view to strengthening external promotion work. The ETOs will continue to closely collaborate with relevant partners in promoting the Hong Kong Brand and actively liaising with local audience, so as to enhance Hong Kong's profile overseas. Riding on opportunities arising from the "Belt and Road" Initiative, the ETOs will step up efforts in promoting Hong Kong and encouraging local businessmen to make use of Hong Kong's advantages in exploring business opportunities under the Initiative so as to help the commercial and professional sectors in Hong Kong open up new markets. Besides, we plan to set up ETOs in India,

Korea, Russia, Thailand, the United Arab Emirates, etc. in order to further expand the network of our external relations and strengthen our work on external promotion.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)234

(Question Serial No. 4137)

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 provision of sign language interpretation services in the past 5 years, will the Government advise this Committee of the following:

1. Are sign language interpretation services available? If yes, what are the frequency, occasions and reasons for providing sign language interpretation services in each year;
2. Further to the above question, the number of sign language interpreters, remuneration involved in each year, and the organisations to which they belong; what is the total expenditure involved in each year; and
3. Will the department consider allocating more resources to enhance the services for communicating with the deaf and/or persons with hearing impairment in future? If yes, what are the details (including measures, manpower, expenditure involved and timetable, etc.)? If no, what are the reasons?

Asked by: Hon LEUNG Yiu-chung (Member Question No. (LegCo use): 74)

Reply:

The 12 overseas Economic and Trade Offices (ETOs) have not received any request for the provision of sign language interpretation services in the past 5 years. The ETOs will arrange sign language interpretation services through relevant service providers according to the Government's overall policy and operational need.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)235

(Question Serial No. 2755)

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:

Under Matters Requiring Special Attention in 2018–19, it is mentioned that overseas Economic and Trade Offices (ETOs) will counter protectionism in Hong Kong's major markets. Will the Government advise this Committee of the following:

- (a) The measures that the Government and the overseas ETOs will take to explain our position to the governments of the relevant countries/regions if our major markets implement protectionist trade policies that affect Hong Kong's economic interests; and
- (b) It is stated in paragraph 96 of the Budget speech that the Government will actively seek to sign Free Trade Agreements (FTAs), Investment Promotion and Protection Agreements (IPPAs) and comprehensive agreements for avoidance of double taxation (CDTAs) with other economies, including those along the Belt and Road. In this connection, what are the Government's specific plans and the economies selected for cooperation?

Asked by: Hon LUK Chung-hung (Member Question No. (LegCo use): 43)

Reply:

(a) Hong Kong is an externally-oriented economy and pursues a free trade policy. As a founding member of the World Trade Organization (WTO), we have always been a staunch supporter of the multilateral trading system and are against any restrictive trade measures that are inconsistent with WTO agreements. We actively participate in the credible global multilateral trading system and major regional organisations. In addition to the WTO, Hong Kong has also been an active member of major regional organisations such as the Asia-Pacific Economic Cooperation, the Pacific Economic Cooperation Council, the World Customs Organization, etc. In 2018-19, our overseas ETOs will continue to assist actively in pursuing negotiations for FTAs between Hong Kong and its major markets to liberalise

trade in goods and services as well as investments. They will also continue to closely monitor changes in trade regulations of our trading partners and their trade remedy measures which are targeted at Hong Kong-origin products, and will provide timely reports to the relevant bureaux/departments (B/Ds) in Hong Kong so that B/Ds can disseminate information to the relevant sectors. If Hong Kong's economic and trade interests are affected, we will, on the bilateral front, voice to the relevant government our concerns and take follow-up actions through different channels, including filing formal representation and requesting bilateral discussion. The ETO concerned will take complementary follow up actions, such as approaching the local government offices to reiterate Hong Kong's standpoints and concerns. If necessary, we will also take up the issues at WTO meetings with the assistance of the Geneva ETO.

(b) In 2018-19, the Government will actively seek to sign FTAs, IPPAs and CDTAs with other economies, including those along the Belt and Road. For FTAs, we will continue to negotiate with Maldives and Australia, and sign an FTA with Georgia. As regards IPPAs, we will continue to negotiate with Russia and sign an IPPA with Bahrain and Mexico respectively. To safeguard the interests of Hong Kong traders and investors, the Government will continue to explore with our trading partners the possibility of forging FTAs and IPPAs.

Besides, we have so far signed CDTAs with 39 jurisdictions, 13 of which are among Hong Kong's top 20 major trading partners, accounting for about 73% of Hong Kong's world trade. The Government will continue to proactively identify potential negotiation partners, in particular economies along the Belt and Road, with a view to bringing the total number of CDTAs to 50 over the next few years.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)236****(Question Serial No. 2198)**

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) Please use the table below to provide the details of arts and cultural or sport events (such as film festivals, arts and cultural performances, roving exhibitions, rugby tournaments and dragon boat festivals) held by overseas ETOs in the past year.

Titles of events	Date of events	Hong Kong organisations involved (if any)	Expenditures of events

- (c) 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?
- (d) 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 was the number of such cases? How did the Government handle their requests?
- (e) Will the Government consider deploying dedicated staff to ETOs as appropriate to handle cultural matters? If yes, what are the details? If no, what are the reasons?
- (f) Did the relevant ETOs promote cultural exchanges between Hong Kong and countries along the Belt and Road last year? What were the details and expenditure involved? Do they have any plan to promote cultural exchanges between Hong Kong and countries along the Belt and Road in the coming year? If yes, what are the details and expenditure involved? If no, what are the reasons?

Reply:

- (a) & (b) In 2017-18, 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 facilitating cultural exchanges. From time to time, the ETOs organised and sponsored different arts and cultural events in the countries/cities under their respective purviews, such as film festivals, concerts, dance performances, arts exhibitions, dragon boat races, etc., and invited Hong Kong people from various sectors, including film directors, actors, designers, emerging artists, etc., to participate in these events. The ETOs also supported Hong Kong arts and cultural groups of different scales to conduct exchanges and give performances overseas. Examples of arts and cultural events organised/supported by the ETOs in 2017 are as follows -
- (i) In the US, the Washington ETO co-organised "Made in Hong Kong Film Festival" with the Smithsonian Institution's Freer Gallery of Art between July and August. The New York ETO sponsored rugby sevens tournaments in New York City and Philadelphia, and supported Hong Kong Dragon Boat Festivals in several cities in the US during the year. The San Francisco ETO sponsored 7 major film festivals and hosted receptions for visiting film directors and actors.
 - (ii) In Europe, the Brussels ETO invited the Hong Kong Drum Ensemble to perform at the Chinese New Year (CNY) receptions organised in 6 European cities and arranged the choral theatre group "Yat Po Singers" from Hong Kong to perform at functions in Belgium and Luxembourg in June. The London ETO supported/organised various arts and cultural events in some cities under its purview, including the dance performance "The Legend of Mulan" by Hong Kong Dance Company in April and a remake of William Shakespeare's "Titus Andronicus" by Tang Shu Wing Theatre Studio in August. The Berlin ETO also supported various musical performances, including the ones by the Hong Kong Sinfonietta in Poland and Germany in April and July respectively, and by the Asian Youth Orchestra in Switzerland, Germany and Czech Republic in July to August.
 - (iii) In Asia, the Singapore ETO invited Perry Chiu Experimental Theatre to perform theatrical production "Golden Cangue" in March and April, and Hong Kong Philharmonic Orchestra to hold a concert in May in Singapore. The Tokyo ETO supported various performing groups to tour in Japan and Korea, including the Hong Kong Chinese Orchestra, the Hong Kong Philharmonic Orchestra and the City Contemporary Dance Company. In addition, the Sydney ETO arranged Cantonese opera performances by the Hong Kong Children and Juvenile Chinese Opera Troupe in Australia and New Zealand in July, and supported a concert which was jointly presented

by Hong Kong-based YWCA Chinese Orchestra and Melbourne-based Chao Feng Chinese Orchestra in August.

As these efforts are part of the overall public relations work of ETOs, the expenditure and number of staff involved cannot be accurately and separately itemised.

- (c) In 2018-19, our overseas ETOs will continue to promote Hong Kong's arts and cultural achievements and characteristics, and support our local creative industries to tap overseas markets. Since the relevant work has been included in the overall public relations work of ETOs, the estimated expenditure and number of staff involved cannot be accurately and separately itemised.
- (d) 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, but there are no statistics on the requests. In general, the ETOs would respond positively to requests raised by these organisations and provide assistance as appropriate, taking account of various factors (such as resources and manpower arrangement, different cultural environment of overseas countries, etc.). The ETOs would (1) liaise with relevant local partners and other local arts and cultural bodies to facilitate cultural exchanges and cooperation; (2) provide assistance in publicity work through different channels; and (3) support or co-organise events, etc. in order to promote Hong Kong's cultural and creative industries overseas.
- (e) Promotion of cultural exchange between Hong Kong and countries/regions under their respective purviews has always been one of the main functions of the overseas ETOs. Such work is conducted under a multi-pronged approach and at different levels, and the ETOs will continue to fully utilise existing resources to strengthen their work in this regard. There is no plan to deploy dedicated staff to ETOs to handle cultural matters.
- (f) The overseas ETOs has been actively promoting cultural exchanges in the countries (including those along the Belt and Road) under their respective purviews last year with a view to publicising the developments of Hong Kong's culture and creative industries, etc. In Europe, the Brussels, London and Berlin ETOs organised CNY receptions in a number of Belt and Road countries to promote Hong Kong's Chinese traditional cultural heritage, and arranged cultural performances during such receptions 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 local international film festivals or organised Hong Kong Film Panorama to promote Hong Kong's film culture. In Asia, the Jakarta and Singapore ETOs continued to launch the Association of Southeast Asian Nations (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. In 2018-19, the overseas ETOs will continue to organise different kinds of arts and cultural activities in countries along the Belt and Road.

As the above efforts are part of the overall public relations work of ETOs, the expenditure and number of staff involved cannot be accurately and separately itemised.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)237

(Question Serial No. 0692)

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: Secretary for Commerce and Economic Development

Question:

Under Programme (1), one of the duties of the overseas Economic and Trade Offices (ETOs) is to represent and promote Hong Kong's trade and economic interests outside Hong Kong. The key performance measures are: meetings on trade-related matters attended; visits to host governments and trade organisations; seminars, exhibitions and workshops organised and participated in; public speeches given; media interviews/briefings given; and circulars/newsletters/press releases issued. The ETOs also endeavour to assist in Hong Kong's participation in the Belt and Road Initiative. In this connection, may this Committee be informed of:

- 1) the figures of each of the above performance indicators that concern countries along the Belt and Road as well as details of the manpower and expenditure involved for the past 3 years; and
- 2) the progress of the planned setting up of a new ETO in the Association of Southeast Asian Nations (ASEAN) region to strengthen trade promotion work, as well as details of the manpower and expenditure involved?

Asked by: Hon NG Wing-ka, Jimmy n (Member Question No. (LegCo use): 100)

Reply:

1) The HKSAR Government has established 12 overseas Economic and Trade Offices (ETOs). Among them, the coverage of the ETOs in Berlin, Brussels, Jakarta, London, Singapore, Sydney and Tokyo includes Belt and Road countries. The total actual figures of the performance indicators under Programme (1) in respect of these 7 ETOs for the past 3 years are as follows -

Indicators in respect of commercial relations	2015 total actual	2016 total actual	2017 total actual
Meetings on trade-related matters attended	1 590	1 517	1 649
Visits to host governments and trade organisations	1 029	990	1 027
Seminars, exhibitions and workshops organised	145	172	201
Seminars, exhibitions and workshops participated	412	471	469
Public speeches given	280	271	305
Media interviews/briefings given	360	354	379
Circulars/newsletters/press releases issued	710	757	839

Since the work related to Belt and Road countries is part of the overall commercial relations work of the ETOs, the performance indicators, manpower and expenditures involved cannot be accurately and separately itemised.

2) To enhance Hong Kong's trade relations with ASEAN, open up opportunities in ASEAN, and actively participate in and support the Belt and Road Initiative, we plan to set up an ETO in Thailand. We have been actively discussing with the Thai Government the detailed arrangements with a view to setting up the ETO as soon as possible. Besides, we also plan to set up ETOs in India, Korea, Russia, the United Arab Emirates, etc. in order to further expand the network of our external relations and strengthen our external promotion work. We will work out the estimated manpower and expenditure for the new ETOs by making reference to the establishment and expenditure of the existing ETOs, and with due consideration to the scope of work, country coverage and operational needs of the new ETOs. The timing for establishing the proposed new ETOs is subject to the progress of our discussion with the respective host governments on the detailed arrangements. For preparation of the Estimate, we have reserved \$40.71 million in the 2018-19 Estimate as the estimated expenditure.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)238

(Question Serial No. 2450)

Head: (96) Government Secretariat: Overseas Economic and Trade Offices

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

Programme: (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:

Regarding Programmes (2) and (3), will the Government advise this Committee of the following:

- (a) It is mentioned in the Programme that in respect of investment promotion the number of projects completed by overseas Economic and Trade Offices (ETOs) for 2017 is 181. They are investment projects each resulting in an overseas company setting up or expanding its business in Hong Kong. Please provide the types and number of business of the relevant projects (please list in tabular by type); and
- (b) It is mentioned in paragraph 111 of the Budget speech that the Information Services Department, our ETOs overseas and in the Mainland, Invest Hong Kong and the Hong Kong Trade Development Council will strengthen collaboration and take a more proactive approach in promoting our advantages overseas and attracting investments to Hong Kong. However, there is no significant progress in many indicators under Programme (2). What are the strategies of the Government to achieve the said targets and what is the estimated expenditure for the related initiatives?

Asked by: Hon WONG Kwok-kin (Member Question No. (LegCo use): 17)

Reply:

- (a) In 2017, Investment Promotion Units of the overseas Hong Kong Economic and Trade Offices (ETOs) completed a total of 181 investment projects. The breakdown by sector is as follows –

Sector	Number of investment projects completed
Business and Professional Services	26
Creative Industries	27
Consumer Products	19
Financial Services	13
Financial Technology	6
Innovation and Technology	28
Information and Communications Technology	25
Tourism and Hospitality	24
Transport and Industrial	13

- (b) The overseas ETOs and the Mainland Offices (namely the Beijing Office and the ETOs in Guangdong, Shanghai, Chengdu and Wuhan) have been collaborating closely with the Information Services Department, Invest Hong Kong, the Hong Kong Trade Development Council, etc. in organising and co-organising a range of promotional activities, e.g. business seminars, luncheons, receptions, exhibitions, the Sponsored Visitors Programme, other thematic events, etc. In 2018-19, the overseas ETOs, the Mainland Offices and the Hong Kong Economic, Trade and Cultural Office in Taiwan will continue to actively promote Hong Kong's advantages so as to foster Hong Kong's trade and commercial interests. They will also align their work with the focuses of the Government, including attracting companies outside Hong Kong to set up or expand their operations in Hong Kong, fostering expansion of markets for Hong Kong enterprises (including financial, legal and other professional services), as well as showcasing arts, culture and creative soft powers of Hong Kong, etc. with a view to strengthening promotion work. These offices will continue to closely collaborate with relevant partners in promoting the Hong Kong Brand and actively liaising with local audience, so as to enhance Hong Kong's profile. Riding on opportunities arising from the "Belt and Road" Initiative, the offices will step up efforts in promoting Hong Kong and encouraging local businessmen to make use of Hong Kong's advantages in exploring business opportunities under the Initiative so as to help the commercial and professional sectors in Hong Kong open up new markets. Besides, we plan to set up ETOs in India, Korea, Russia, Thailand, the United Arab Emirates, etc. in order to further expand the network of our external relations and strengthen our work on external promotion.

As the work of promoting Hong Kong and attracting inward investments is part of the overall work of the overseas ETOs, the Mainland Offices and the Hong Kong Economic, Trade and Cultural Office in Taiwan, the expenditures involved cannot be accurately and separately itemised.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)239

(Question Serial No. 0522)

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:

New Economic and Trade Offices (ETOs) are expected to be set up in countries including Thailand, Korea, India, Russia and the United Arab Emirates. What are the expected scales of operation of these ETOs?

Besides, how many overseas ETOs does the Special Administrative Region (SAR) Government have? What were their average annual expenses over the past 3 years? Of such expenses, how much was used for the personal emoluments of staff from the SAR Government and locally-engaged staff?

Asked by: Hon WONG Ting-kwong (Member Question No. (LegCo use): 6)

Reply:

The Government plans to set up ETOs in India, Korea, Russia, Thailand, and the United Arab Emirates, etc. in order to further expand the network of the overseas ETOs and strengthen our work on external promotion. We will work out the establishment of the new ETOs by making reference to the establishment and expenditure of the existing ETOs, and with due consideration to the scope of work, country coverage and operational needs of the new ETOs.

At present, Hong Kong has 12 overseas ETOs, including the Jakarta ETO which commenced operation in June 2016. In the past 3 years, the average annual operational expenses (the figures for 2017-18 are revised estimates rather than actual expenditures) of the ETOs are about \$347 million, including about \$158 million as the personal emoluments of the Hong Kong-based staff and locally-engaged staff.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)240

(Question Serial No. 0455)

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:

At present, there are different indicators for the 3 Programmes of the overseas Economic and Trade Offices (ETOs). Yet the indicators for Programme (3) Investment Promotion comprise only “new projects generated” and “projects completed”. Moreover, in the current annual resource allocation for the 3 Programmes, the allocation for Programme (3) is the least, accounting for about 17% of the total estimate, while the number of staff also accounts for only about 15%. Given that the Government plans to set up a new ETO in Southeast Asia in line with the implementation of Hong Kong-Association of Southeast Asian Nations Free Trade Agreement, please advise:

1. Will the Government review the existing role of ETOs, such as strengthening ETOs' investment promotion function? If yes, what are the details?
2. Will the Government consider developing new indicators and work details for the various Programmes so as to strengthen ETOs' role in exploring markets in the Belt and Road countries or other places? If yes, what are the details?
3. What is the division of work between ETOs and similar organisations such as Invest Hong Kong and the Hong Kong Trade Development Council in respect of the work on investment promotion? Will the Government consider consolidating and reorganising the positioning and roles of these organisations?

Asked by: Hon WU Chi-wai (Member Question No. (LegCo use): 94)

Reply:

- (1) The overseas Economic and Trade Offices are the representatives of the HKSAR Government in our major trading partners. They perform a wide range of functions with the main objective to enhance bilateral ties between Hong Kong and the trading partners under their respective purviews, such as promoting bilateral ties on economic, trade and cultural areas, etc. On investment promotion, Investment Promotion Units under the overseas ETOs continue to organise marketing campaigns and seminars, and conduct investment promotion visits in various overseas markets to promote the business advantages of Hong Kong, and encourage overseas companies to set up or expand their businesses in Hong Kong as well as to use Hong Kong as a platform to access opportunities in the Mainland and elsewhere in Asia. These investment promotion efforts are effective in enhancing the understanding of overseas companies about Hong Kong's investment environment and the advantages of investing in Hong Kong.
- (2) For the 3 Programmes, namely commercial relations, public relations and investment promotion, we have adopted a set of detailed indicators to evaluate the performance of the ETOs. Each year, we ask the ETOs to review whether they have met the targets of the indicators in the past year and we set the targets for the coming year by aligning ETOs' work with the focuses and priorities of the Government. The existing indicators have effectively reflected the functions of ETOs under the 3 Programmes. Riding on opportunities arising from the "Belt and Road" Initiative, the ETOs will step up promotional efforts, encourage local businessmen to make use of Hong Kong's advantages in exploring business opportunities under the Initiative, and help the commercial and professional sectors in Hong Kong open up new markets. Besides, we also plan to set up ETOs in India, Korea, Russia, Thailand, the United Arab Emirates, etc. in order to further expand the network of our external relations and strengthen our work on external promotion.
- (3) The overseas ETOs, Invest Hong Kong (InvestHK) and the Hong Kong Trade Development Council (HKTDC) represent the HKSAR Government in promoting Hong Kong in different aspects. Their respective objectives and portfolios are as follows –

The **Overseas ETOs** are the official representatives of the HKSAR Government abroad. While the Geneva ETO represents Hong Kong at the World Trade Organization, the other overseas ETOs are responsible for fostering ties and handling all bilateral matters between Hong Kong and the trading partners under their respective purviews, mainly at the government-to-government level, in various areas such as economy, trade, investment, culture, etc. They also seek to promote Hong Kong's interests by monitoring closely developments that may affect Hong Kong, and liaising closely with a wide range of interlocutors and contacts.

InvestHK is tasked to attract and retain foreign direct investment, and actively promote Hong Kong as the preferred destination for investment. It provides customised support services and guidance for potential investors throughout the latter's planning and implementation process to invest in Hong Kong.

HKTDC is a statutory body which focuses on promoting trade in goods and services, mainly at the business-to-business level. It provides services to Hong Kong's merchants, manufacturers and services providers interested in expanding their business in Mainland China or overseas.

Notwithstanding having different roles, the overseas ETOs, InvestHK and HKTDC collaborate closely in a range of activities and promotional events, e.g. business seminars, luncheons, thematic events, etc., to showcase the strengths of Hong Kong and to attract new business partners and visitors to Hong Kong. With concerted efforts, they achieve synergy in promoting Hong Kong's position as an international financial and business hub. Since the above 3 parties have different job portfolios, we do not have any plan to change their existing roles and functions.

- End -

CONTROLLING OFFICER'S REPLY

(Question Serial No. 5647)

Head: (31) Customs and Excise Department

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

Programme: (3) Intellectual Property Rights and Consumer Protection

Controlling Officer: Commissioner of Customs and Excise (Hermes 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 rights (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 2018-2019?
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 2018-2019?
4. What are the estimates of C&ED for promoting public and traders' awareness of IPR and consumer protection legislation through publicity programmes in 2018-2019?
5. Please provide the expenditure 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 2018-2019, as well as the estimated expenditure 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 2018-2019.
6. In the past 5 years, what were the actual expenditure, number of staff and number of prosecutions involved in the investigation of false claims on health products by C&ED? In 2018-2019, what will be the actual expenditure and number of staff involved in the investigation of false claims on health products by C&ED?

Asked by: Hon CHAN Tanya (Member Question No. (LegCo use): 178)

Reply:

1. The details of online IPR infringement cases detected by C&ED in the past 5 years are as follows:

	2013	2014	2015	2016	2017
Number of cases	162	184	200	201	202
Number of persons arrested	190	202	248	227	241
Total value of seizures (mostly clothing, watches and accessories)	\$2.48 million	\$2.47 million	\$3 million	\$1.8 million	\$2.6 million

2. In 2018-19, a total of 190 C&ED officers will be deployed for the prevention and detection of IPR crimes, involving an expenditure of \$83.27 million. The numbers of cases investigated by C&ED in the past 5 years are as follows:

	2013	2014	2015	2016	2017
Number of cases investigated	1 625	1 954	1 892	1 599	1 606
Number of cases completed*	8 309	1 913	1 577	1 546	1 540

Note: * As some of the cases were reported in the past years, the number of cases completed may be more than the number of cases 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. Over the past few years, C&ED has redeployed internal resources to set up 3 dedicated “Anti-Internet Piracy Teams” for the relevant enforcement work; to establish the “Electronic Crime Investigation Centre” to enhance the capabilities of frontline officers in online investigation and evidence collection; and to develop various online monitoring systems to better monitor and combat online IPR infringing activities, such as the Big Data Analytics System launched at the end of 2017. This System can analyse mass information on different Internet platforms for more effective screening and updates on infringing activities. In 2018-19, there will be a total of 45 C&ED officers responsible for the relevant work, involving a salary provision of about \$19.26 million.

4. C&ED has been enhancing 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, major chambers of commerce and relevant Government departments from time to time. In 2018-19, C&ED will organise publicity and education activities to raise the community’s awareness of IPR and consumer protection, including raising consumer awareness of unfair trade practices. As the expenditure involved has been subsumed within the department’s provision, it is difficult to quantify such expenditure separately.

5. and 6. In the past 5 years, C&ED prosecuted 23 companies and 5 persons for contravening the Trade Descriptions Ordinance (the Ordinance) by applying false trade descriptions on health products. In 2018-19, C&ED will deploy a total of 190 officers to carry out enforcement work under the Ordinance, involving an expenditure of \$95.44 million. The manpower and expenditure concerned cannot be broken down by category of goods.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)242****(Question Serial No. 1683)**Head: (31) Customs and Excise DepartmentSubhead (No. & title): (-) -Programme: (3) Intellectual Property Rights and Consumer ProtectionControlling Officer: Commissioner of Customs and Excise (Hermes TANG)Director of Bureau: Secretary for Commerce and Economic DevelopmentQuestion:

1. Regarding intellectual property crimes committed on the Internet, please provide the number of cases detected each year in the past 3 years. If the cases are classified into categories, such as online sale of infringing goods and illegal uploading of infringing items, please provide the relevant figures.
2. Under the matters requiring special attention in 2018-19, it is mentioned that the Customs & Excise Department (C&ED) will upgrade its capability in the investigation of Internet and electronic crimes relating to infringement of intellectual property rights (IPR). Does C&ED have any specific plans to upgrade the relevant investigation capability? If yes, please provide details. What is the estimated expenditure in this respect?

Asked by: Hon CHEUNG Wah-fung, Christopher (Member Question No. : 34)Reply:

Statistics on online IPR infringement cases detected by C&ED in the past 3 years are as follows:

(i) Cases of sale of counterfeit items on the Internet (Note)

	2015	2016	2017
Number of cases	191	196	194
Number of persons arrested	239	222	230
Total value of seizures	\$2.8 million	\$1.7 million	\$2.5 million

(ii) Cases of IPR infringement on the Internet (including illegal uploading of IPR infringing items) (Note)

	2015	2016	2017
Number of cases	13	10	8
Number of persons arrested	15	12	11
Total value of seizures	\$200,000	\$70,000	\$100,000

(Note : Some cases involved both sale of counterfeit items on the Internet and IPR infringement on the Internet at the same time, and the figures of the relevant cases are included in both tables (i) and (ii).)

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 3 dedicated “Anti-Internet Piracy Teams” for the relevant enforcement work; to establish the “Electronic Crime Investigation Centre” to enhance the capabilities of frontline officers in online investigation and evidence collection; and to develop various online monitoring systems to better monitor and combat online IPR infringing activities, such as the Big Data Analytics System launched at the end of 2017. This System can analyse mass information on different Internet platforms for more effective screening and updates on infringing activities. In 2018-19, the resources and manpower which C&ED will devote to enforcement work against IPR crimes would be similar to the existing level, and C&ED will continue to take action against IPR offences through flexible deployment of existing resources and manpower.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)243

(Question Serial No. 0397)

Head: (31) Customs and Excise Department

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

Programme: (3) Intellectual Property Rights and Consumer Protection

Controlling Officer: Commissioner of Customs and Excise (Hermes TANG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Regarding the matters requiring special attention in 2018-19, the Customs and Excise Department (C&ED) will continue to strengthen the co-operative alliance with the industries and enforcement agencies in detecting online sale of infringing goods. What will be the expenditure involved in the related work? What was the expenditure on such work in 2017-18 and how effective was the work?

Asked by: Hon CHUNG Kwok-pan (Member Question No. : 25)

Reply:

As a result of the continuous and vigorous enforcement actions taken by C&ED, intellectual property rights (IPR) infringing activities in the local market have reduced significantly as compared with several years ago, 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 3 dedicated "Anti-Internet Piracy Teams" for the relevant enforcement work; to establish the "Electronic Crime Investigation Centre" to enhance the capabilities of frontline officers in online investigation and evidence collection; and to develop various online monitoring systems to better monitor and combat online IPR infringing activities, such as the Big Data Analytics System launched at the end of 2017. This System can analyse mass information on different Internet platforms for effective screening and updates on infringing activities.

In 2017-18, there were a total of 190 officers in C&ED who were dedicated to preventing and detecting IPR crimes, involving an expenditure on salary provision of about \$83.27 million. The relevant expenditure on system maintenance amounted to about \$990,000. The details of infringing cases detected by C&ED in 2017 are as follows:

Number of cases (online IPR crime)	916 cases (202 cases)
Total value of seizures (online IPR crime)	\$118 million (\$2.6 million)
Number of successful prosecutions (online IPR crime) (Note)	427 cases (151 cases)
Penalties imposed by the Court	Fine: \$100 - \$140,000; Community service order: 40 - 240 hours; Imprisonment: 2 days - 27 months

Note : Cases concluded in 2017

In 2018-19, C&ED will devote a similar level of resources and manpower to enforcement work on this front, and will continue to take action against IPR offences through flexible deployment of existing resources and manpower.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)244****(Question Serial No. 1154)**Head: (31) Customs and Excise DepartmentSubhead (No. & title): (-) -Programme: (3) Intellectual Property Rights and Consumer ProtectionControlling Officer: Commissioner of Customs and Excise (Hermes TANG)Director of Bureau: Secretary for Commerce and Economic DevelopmentQuestion:

Please list the numbers of reports received, undercover operations conducted, prosecutions made and convictions handed down, and the amount of fines for the 5 types of unfair trade practices (including aggressive commercial practices, bait advertising, bait and switch, misleading omissions and wrongly accepting payment) under the Trade Descriptions Ordinance as amended in 2012.

Asked by: Hon KWOK Wing-hang, Dennis (Member Question No. (LegCo use): 47)Reply:

From the implementation of the amended Trade Descriptions Ordinance (TDO) on 19 July 2013 to 2017, the figures in relation to the enforcement of TDO by the Customs and Excise Department are as follows:

Types of Offence	Breakdown of figures	2013 (from 19 July)	2014	2015	2016	2017
Misleading omissions	Number of complaints	343	884	752	332	213
	Number of prosecutions	3	5	12	6	7
	Number of convictions (company/ individual)	0	4	10	8	11

Types of Offence	Breakdown of figures	2013 (from 19 July)	2014	2015	2016	2017
Misleading omissions	Amount of fines	-	\$4,000 to \$25,000	\$1,000 to \$20,000	\$2,000 to \$100,000	\$4,000 to \$30,000
	Imprisonment (excluding suspension)	-	-	20 days' imprisonment to 10 weeks' imprisonment	2 weeks' imprisonment to 2 months' imprisonment	10 weeks' imprisonment
	Imprisonment (Suspension)	-	4 months' imprisonment (suspended for 2 years)	2 months' imprisonment (suspended for 2 years) to 6 months' imprisonment (suspended for 3 years)	3 months' imprisonment (suspended for 2 years)	3 weeks' imprisonment (suspended for 2 years)
	Community service order	-	100 hours	120 hours	160 hours	160 hours to 240 hours
Aggressive commercial practices	Number of complaints	65	151	254	191	151
	Number of prosecutions	0	2	1	3	2
	Number of convictions (company/ individual)	0	0	3	1	4
	Amount of fines	-	-	-	-	-
	Imprisonment (excluding suspension)	-	-	3 months' imprisonment	1 month's imprisonment	-
	Imprisonment (Suspension)	-	-	-	-	-
	Community service order	-	-	200 hours	-	120 hours to 200 hours
Bait advertising	Number of complaints	85	72	27	15	8

Types of Offence	Breakdown of figures	2013 (from 19 July)	2014	2015	2016	2017
	Number of prosecutions	0	0	0	1	2
	Number of convictions (company/individual)	0	0	0	0	1
	Amount of fines	-	-	-	-	\$10,000
	Imprisonment (excluding suspension)	-	-	-	-	-
	Imprisonment (Suspension)	-	-	-	-	-
	Community service order	-	-	-	-	-
Bait and switch	Number of complaints	15	24	25	11	2
	Number of prosecutions	0	0	0	0	0
	Number of convictions (company/individual)	0	0	0	0	0
	Amount of fines	-	-	-	-	-
	Imprisonment (excluding suspension)	-	-	-	-	-
	Imprisonment (Suspension)	-	-	-	-	-
	Community service order	-	-	-	-	-

Types of Offence	Breakdown of figures	2013 (from 19 July)	2014	2015	2016	2017
Wrongly accepting payment	Number of complaints	199	1 817	1 023	2 197	376
	Number of prosecutions	0	0	1	1	2
	Number of convictions (company/individual)	0	0	0	0	3
	Amount of fines	-	-	-	-	\$48,000
	Imprisonment (excluding suspension)	-	-	-	-	6 months' imprisonment
	Imprisonment (Suspension)	-	-	-	-	-
	Community service order	-	-	-	-	100 hours
Number of undercover operations		11	562	663	768	759

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)245

(Question Serial No. 3224)

Head: (31) Customs and Excise Department

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

Programme: (3) Intellectual Property Rights and Consumer Protection

Controlling Officer: Commissioner of Customs and Excise (Hermes TANG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Regarding toys and children's products safety, the number of seizure cases of the Customs and Excise Department (C&ED) increased from 6 cases in 2016 to 35 cases in 2017, while the total value of seizures increased from \$15,800 to \$160,600. What were the details of the 35 cases of contravention? What are the staff establishment and recurrent expenditure of the team responsible for inspecting toys and children's products?

Asked by: Hon LAU Ip-keung, Kenneth (Member Question No. (LegCo use): 10)

Reply:

In 2017, there were 35 seizure cases of suspected unsafe toys and children's products effected by C&ED, involving 17 categories of goods with a total value of approximately \$160,000. These goods included 3D toy printers, ani-com weapon toys, animal chess, Chinese chess, flashing glasses, fidget spinners, plastic skipping ropes, lanterns, scooters, headwear toys, light sticks, cube toys, toy helicopters, cups, teethers, pushchairs and children's high chairs for domestic use.

In 2018-19, there will be a total of 16 C&ED officers responsible for carrying out enforcement work under the Toys and Children's Products Safety Ordinance, involving an expenditure of \$8.72 million. Since the officers who are responsible for conducting inspections also need to perform other enforcement duties under the Ordinance, it is difficult to separately quantify the expenditure on conducting inspections.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)246****(Question Serial No. 0685)**

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 (Hermes TANG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

With regard to the prevention and detection of copyright and trade mark infringement under Programme (3), please advise this Committee on the following:

- 1) What were the numbers of online infringing activities 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 the past 5 years? (Please list the above information by year)
- 2) Regarding reinforcement of law enforcement and publicity education related to intellectual property rights (IPR), what are the Government's future work plans and timetables, as well as the manpower and expenditure to be involved?

Asked by: Hon NG Wing-ka, Jimmy (Member Question No. (LegCo use): 105)

Reply:

Details of online IPR infringement cases detected by the Customs and Excise Department (C&ED) in the past 5 years are as follows:

	2013	2014	2015	2016	2017
Number of cases	162	184	200	201	202
Number of persons arrested	190	202	248	227	241
Total value of seizures (mostly clothing, watches and accessories)	\$2.48 million	\$2.47 million	\$3 million	\$1.8 million	\$2.6 million
Number of persons convicted (Note)	114	168	188	175	160

	2013	2014	2015	2016	2017
Amount of fines	\$500-\$20,000	\$500-\$60,000	\$50-\$20,000	\$500-\$90,000	\$300-\$30,000
Length of community service order	70-180 hours	60-160 hours	60-180 hours	30-160 hours	40-240 hours
Term of imprisonment	14 days-6 months	7 days-4 months	2-5 months	7 days-8 months	3-27 months

Note: Cases concluded during the year.

C&ED has been closely monitoring the latest trend of online IPR infringing activities 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 3 dedicated “Anti-Internet Piracy Teams” for the relevant enforcement work; to establish the “Electronic Crime Investigation Centre” to enhance the capabilities of frontline officers in online investigation and evidence collection; and to develop various online monitoring systems to better monitor and combat online IPR infringing activities, such as the Big Data Analytics System launched at the end of 2017. This System can analyse mass information on different Internet platforms for effective screening and updates on infringing activities. In 2018-19, there will be a total of 45 C&ED officers responsible for the relevant work, involving a salary provision of about \$19.26 million.

C&ED has been enhancing 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, major chambers of commerce and relevant government departments from time to time. C&ED will also 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 provision, it is difficult to quantify such expenditure separately.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)247****(Question Serial No. 1972)**Head: (31) Customs and Excise DepartmentSubhead (No. & title): (-) -Programme: (3) Intellectual Property Rights and Consumer ProtectionControlling Officer: Commissioner of Customs and Excise (Hermes TANG)Director of Bureau: Secretary for Commerce and Economic DevelopmentQuestion:

1. In the past 2 years and the coming year, what were / are the respective amounts, staff establishment and resources involved in combating false trade descriptions and unfair trade practices in respect of both goods and services by the Customs and Excise Department (C&ED)?
2. In each of the past 5 years, with regard to combating false trade descriptions and unfair trade practices in respect of both goods and services by C&ED, what were the numbers of spot checks conducted, relevant complaints received, investigations conducted into suspected contraventions, and prosecutions instituted / cases with written undertakings accepted from the traders who pledged to stop their unfair trade practices?

Asked by: Hon QUAT Elizabeth (Member Question No. (LegCo use): 10)Reply:

1. The manpower and expenditures involved in the enforcement of the Trade Descriptions Ordinance (the Ordinance) by C&ED in 2016/17, 2017/18 and 2018/19 are as follows:

Year	Manpower involved	Expenditure involved (\$ million)
2016/17	190	92.85
2017/18	190	95.44
2018/19	190	95.44

2. Statistics on C&ED's enforcement of the Ordinance are tabulated as follows:

	2013 (from 19 July)	2014	2015	2016	2017	Total
Number of spot checks	2 163	4 052	4 128	4 060	4 000	18 403
Number of complaint cases	2 051	6 447	6 088	7 260	6 922	28 768
Number. of cases investigated	523	701	168	144	108	1 644
Number of prosecutions	9	74	112	71	74	340
Number. of cases with written undertakings accepted	1	5 (Note)	4	0	2	12

Note: Written undertakings were received from 2 traders in one of the cases.

- End -

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1973)

Head: (31) Customs and Excise Department

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

Programme: (3) Intellectual Property Rights and Consumer Protection

Controlling Officer: Commissioner of Customs and Excise (Hermes TANG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

1. As mentioned in the Matters Requiring Special Attention in 2018-19, the Customs and Excise Department (C&ED) will upgrade the capability in the investigation of Internet and electronic crimes relating to infringement of intellectual property rights (IPR). What are the staff establishment and expenditure involved?
2. C&ED states that it will promote public and traders' awareness of IPR and consumer protection legislation through publicity and education programmes. What are the specific measures to be taken? What are the staff establishment and expenditure involved?

Asked by: Hon QUAT Elizabeth (Member Question No. (LegCo use): 11)

Reply:

In 2018-19, C&ED will maintain an establishment of 45 officers dedicated to combating online IPR infringing activities and related electronic crimes, involving a salary provision of about \$19.26 million.

C&ED has been enhancing 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, major chambers of commerce and relevant Government departments from time to time. C&ED will also organise publicity and education activities to raise the community's awareness of IPR and consumer protection including, for example activities seeking to enable consumers understand more about unfair trade practices. As the expenditure involved has been subsumed within the department's provision, it is difficult to quantify such expenditure separately.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)249

(Question Serial No. 1803)

Head: (31) Customs and Excise Department

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

Programme: (3) Intellectual Property Rights and Consumer Protection

Controlling Officer: Commissioner of Customs and Excise (Hermes TANG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

With regard to the increasing number of complaints on false trade description and unfair trade practices involved in online transactions in recent years:

1. Is there any manpower/team in the Customs and Excise Department (C&ED) dedicated to combating unfair trade practices on the Internet at present?
2. In relation to online transactions, what were (a) the number of complaints received by C&ED, (b) the number of prosecutions, (c) the number of convictions, (d) the maximum penalty imposed on convicted individual/company, and (e) the average penalty imposed in the past 3 years?
3. In relation to the aforesaid enforcement work, what are the approaches adopted by C&ED for investigation and enforcement at present? Does C&ED have any new type of enforcement work or direction in 2018-19?

Asked by: Hon WAN Siu-kin, Andrew (Member Question No. (LegCo use): 102)

Reply:

1. The Trade Descriptions Ordinance (the Ordinance) is equally applicable to the trade practices of online traders and physical stores. Currently, a total of 190 C&ED officers are deployed to carry out enforcement work under the Ordinance against both online traders and physical stores.
2. The number of complaints against unfair trade practices related to “online shopping” received by C&ED and the enforcement statistics for the past 3 years are as follows:

Year		2015	2016	2017
Number of complaints		296	586	1 227
Number of prosecutions		2	4	8
Number of convictions (company/individual)		2	3	11
Maximum penalty	Fine	\$10,000	\$28,000	\$54,000
	Community service order	-	-	100 hours
Average fine		\$6,250	\$12,000	\$19,250

3. Unfair trade practices may occur in different sales channels, including Internet trading platforms. C&ED will continue to monitor different types of illegal online activities by using advanced tools for evidence collection and investigation, and initiate follow-up actions and prosecutions where appropriate. If local or overseas websites are found to be conducting illegal activities, C&ED may demand such websites to remove the relevant contents or links. Joint operations with overseas enforcement agencies will also be mounted as and when required.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)250

(Question Serial No. 1804)

Head: (31) Customs and Excise Department

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

Programme: (3) Intellectual Property Rights and Consumer Protection

Controlling Officer: Commissioner of Customs and Excise (Hermes TANG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

On the matter of strengthening enforcement actions against false trade descriptions and unfair trade practices in respect of both goods and services:

1. Please provide the staff establishment and expenditures of the Customs and Excise Department (C&ED) in 2017-18 and 2018-19. What are the changes?
2. In relation to the enforcement of the Trade Descriptions Ordinance and the other 3 ordinances on consumer protection, what were (a) the number of complaints received by C&ED, (b) the number of prosecutions, (c) the number of convictions, (d) the maximum penalty imposed on convicted individuals/companies, and (e) the average penalty imposed in the past 3 years?
3. Please provide (a) the number of complaints received by C&ED, (b) the number of prosecutions, and (c) the number of convictions by the kind of 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. (LegCo use): 103)

Reply:

1. The manpower and expenditures involved in the enforcement of the Trade Descriptions Ordinance (TDO), Weights and Measures Ordinance, Consumer Goods Safety Ordinance and Toys and Children's Products Safety Ordinance by C&ED to protect consumers' rights and interests are as follows:

Ordinance	Type	Year	
		2017/18	2018/19
TDO	Manpower involved	190	190
	Expenditure involved (\$ million)	95.44	95.44
Weights and Measures Ordinance	Manpower involved	22	22
	Expenditure involved (\$ million)	10.90	10.90
Consumer Goods Safety Ordinance	Manpower involved	19	19
	Expenditure involved (\$ million)	9.81	9.81
Toys and Children's Products Safety Ordinance	Manpower involved	16	16
	Expenditure involved (\$ million)	8.72	8.72

2. The figures and information in relation to C&ED's enforcement of consumer protection legislation in the past 3 years are as follows:

Ordinance	Breakdown of figures and information		2015	2016	2017
TDO	Number of complaints		6 088	7 260	6 922
	Number of prosecutions		112	71	74
	Number of convictions (company/individual)		125	71	78
	Maximum Penalty	Fine	\$67,800	\$100,000	\$120,000
		Imprisonment	3 months' imprisonment	2 months' imprisonment and a compensation of \$28,160 to the victim	6 months' imprisonment and a compensation of \$10,000 to the victim
	Average fine*		\$10,996	\$12,807	\$14,654
Weights and Measures Ordinance	Number of complaints		588	588	406
	Number of prosecutions		42	24	19
	Number of convictions (company/individual)		46	27	21
	Maximum penalty (fine)		\$15,000	\$10,000	\$9,000
	Average fine*		\$3,852	\$3,283	\$3,342
Consumer Goods Safety Ordinance	Number of complaints		165	129	117
	Number of prosecutions		12	13	5
	Number of convictions (company/individual)		13	13	5
	Maximum penalty (fine)		\$12,000	\$28,000	\$15,000
	Average fine*		\$6,500	\$17,823	\$8,800

Ordinance	Breakdown of figures and information	2015	2016	2017
Toys and Children's Products Safety Ordinance	Number of complaints	38	31	39
	Number of prosecutions	5	1	4
	Number of convictions (company/individual)	5	1	4
	Maximum penalty (fine)	\$8,000	\$2,000	\$10,000
	Average fine*	\$7,600	\$2,000	\$7,875

* The average amount of fine imposed in cases where a fine was handed down.

3. The figures in relation to C&ED's enforcement of the TDO offences in the past 3 years are as follows:

Offence	Breakdown of relevant figures	2015	2016	2017
False trade descriptions	Number of complaints	3 947	4 476	6 169
	Number of prosecutions	59	36	47
	Number of convictions (company/individual)	66	40	43
Misleading omissions	Number of complaints	752	332	213
	Number of prosecutions	12	6	7
	Number of convictions (company/individual)	10	8	11
Aggressive commercial practices	Number of complaints	254	191	151
	Number of prosecutions	1	3	2
	Number of convictions (company/individual)	3	1	4
Bait advertising	Number of complaints	27	15	8
	Number of prosecutions	0	1	2
	Number of convictions (company/individual)	—	0	1
Bait and switch	Number of complaints	25	11	2
	Number of prosecutions	0	0	0
	Number of convictions (company/individual)	—	—	—
Wrongly accepting payment	Number of complaints	1 023	2 197	376
	Number of prosecutions	1	1	2
	Number of convictions (company/individual)	0	0	3
Other offences under the TDO [^]	Number of complaints	60	38	3
	Number of prosecutions	39	24	14
	Number of convictions (company/individual)	46	22	16

[^] Such as sections 4, 9 and 12 of the TDO.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)251

(Question Serial No. 1805)

Head: (31) Customs and Excise Department

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

Programme: (3) Intellectual Property Rights and Consumer Protection

Controlling Officer: Commissioner of Customs and Excise (Hermes TANG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

On the matter of strengthening enforcement actions against false trade descriptions and unfair trade practices in respect of both goods and services, at present it usually takes some time to handle a prosecution case, from its receipt to the conduct of investigation and the institution of prosecution. Please advise this Committee on the following:

1. Does the Customs and Excise Department (C&ED) have the figures on the average time taken for instituting a prosecution for different types of cases since the implementation of the amended Trade Descriptions Ordinance? If yes, what are the details?
2. Are there any internal guidelines on prosecution at present? For example, what are the time limitations for taking witness statements and instituting prosecutions for different types of cases?
3. Has C&ED put in place any internal measures to expedite investigations to address the above issues? If yes, what are the details?

Asked by: Hon WAN Siu-kin, Andrew (Member Question No. (LegCo use): 104)

Reply:

Given the wide coverage of the Trade Descriptions Ordinance, the varying regulatory scopes of different provisions, as well as the uniqueness of each case, the investigation work needed varies depending on the complexity and the amount of evidence of each case. As such, the Customs and Excise Department (C&ED) does not have any time standard on evidence collection, nor compile statistics on the time standard on instituting prosecutions. C&ED has been pursuing all cases proactively. It requires in its internal guidelines that officers responsible for prosecution work shall collect evidence and institute prosecutions in accordance with the legal principles and guidelines established by the Department of Justice and the Judiciary. Supervisors will review the progress of the cases regularly with a view

to clarifying the factual circumstances and gathering relevant evidence, and to taking appropriate enforcement actions.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)252

(Question Serial No. 1772)

Head: (31) Customs and Excise Department

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

Programme: (1) Control and Enforcement

Controlling Officer: Commissioner of Customs and Excise (Hermes TANG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Regarding improving customs clearance service to facilitate efficient cargo flow across the boundary, please inform this Committee of:

1. the latest update on the promotion of the Road Cargo System (ROCARS) and a breakdown of the number of registered users by account type;
2. the latest progress of the Single E-lock Scheme (the Scheme), through which Hong Kong's Intermodal Transshipment Facilitation Scheme is seamlessly interconnected with the Mainland's Speedy Customs Clearance System, including the number of new clearance points in the Mainland and the plan to further extend the coverage of the Scheme;
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 2018-19 and any new measures to be introduced.

Asked by: Hon YICK Chi-ming, Frankie (Member Question No. (LegCo use): 32)

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 2018, there were a total of 33 259 registered users of the system, including 8 796 shippers, 3 738 shippers-cum-freight forwarders, 2 158 freight forwarders and 18 567 truck drivers.

2. C&ED and the Mainland Customs officially launched the Single E-lock Scheme (the Scheme) on 28 March 2016. Under the Scheme, Hong Kong's Intermodal Transshipment Facilitation Scheme is connected with the Mainland's Speedy Customs Clearance System. The clearance efficiency of cross-boundary transshipment cargo and trade are thereby enhanced and facilitated with the use of electronic devices. Since its commencement, the Scheme has been running smoothly, and the number of clearance points in the Mainland has increased by 12 to 34. C&ED will continue to promote the Scheme actively, and explore ways to extend the coverage of the Scheme
3. At present, 45 companies have been accredited as Hong Kong Authorised Economic Operators. Hong Kong has signed mutual recognition arrangements (MRAs) with the Mainland, India, Korea, Singapore, Thailand, Malaysia, Japan and Australia respectively. C&ED will continue to discuss MRAs with other trading partners of Hong Kong.
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 explore more diversified measures to facilitate customs clearance. Furthermore, C&ED will strengthen facilitation measures for allowing 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)253

(Question Serial No. 0156)

Head: (33) Civil Engineering and Development Department
Subhead (No. & title): (-)
Programme: (1) Tourism and Recreational Development
Controlling Officer: Director of Civil Engineering and Development (LAM Sai-hung)
Director of Bureau: Secretary for Commerce and Economic Development

Question:

Regarding the matters requiring special attention in 2018-19 under Programme (1), it is said that the Government will conduct the planning and detailed design for the proposed public landing facility and related marine works in Lei Yue Mun. In this connection, would the Government advise the staffing and estimated expenditure to be involved in such work in 2018-19;

Asked by: Hon LO Wai-kwok (Member Question No. (LegCo use): 1)

Reply:

The proposed public landing facility for Lei Yue Mun is one of the facilities to be provided under the Lei Yue Mun Waterfront Enhancement Project. Our staffing for the project has been subsumed into the establishment of this Department for 2018-19, and it is difficult to quantify the amount separately. In 2018-19, the estimated consultancy fee for the environmental impact assessment study and traffic impact assessment study for the project is about \$1 million.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)254

(Question Serial No. 0632)

Head: (33) Civil Engineering and Development Department

Subhead (No. & title): (-)

Programme: (1) Tourism and Recreational Development

Controlling Officer: Director of Civil Engineering and Development (LAM Sai-hung)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Government plans to conduct the planning and detailed design for the proposed public landing facility and related marine works in Lei Yue Mun in 2018-19. What is the anticipated completion date of the public landing facility and related works to facilitate visitors' access by sea? What is the expenditure involved in such a proposal?

Asked by: Hon SHIU Ka-fai (Member Question No. (LegCo use): 2)

Reply:

According to Rule 49 of the Finance Committee Procedures, special meetings of the Finance Committee are convened to examine the annual Estimates of Expenditure prepared by the Government in support of the Appropriation Bill.

Expenditure charged to the Capital Works Reserve Fund does **not** form part of the Appropriation Bill. As such, questions relating to expenditure under the Fund are **not** relevant to the examination of the Estimates of Expenditure or the Appropriation Bill.

The proposed public landing facility for Lei Yue Mun is one of the facilities to be provided under the Lei Yue Mun Waterfront Enhancement Project. We are working on the required statutory procedures for gazettal of the project works under the Foreshore and Seabed (Reclamations) Ordinance, including carrying out an environmental impact assessment (EIA) for the full scope of the works. Hence, we are yet to confirm the timetable for the implementation of the project. In 2018-19, the estimated expenditure for carrying out the EIA study is about \$1 million.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)255

(Question Serial No. 0633)

Head: (33) Civil Engineering and Development Department

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

Programme: (1) Tourism and Recreational Development

Controlling Officer: Director of Civil Engineering and Development (LAM Sai-hung)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Government plans to conduct the monitoring, co-ordination and liaison work on the development of Kai Tak Tourism Node in 2018-19. What are the details and expenditure to be involved in such work?

Asked by: Hon SHIU Ka-fai (Member Question No. (LegCo use): 3)

Reply:

The Government is continuing to explore the Kai Tak Tourism Node project. The Civil Engineering and Development Department provides engineering advice to the Tourism Commission of the Commerce and Economic Development Bureau on the project, and is carrying out the work with existing resources from the establishment. There is thus no separate breakdown of the manpower expenses incurred solely for the work.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)256

(Question Serial No. 5311)

Head: (33) Civil Engineering and Development Department

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

Programme: (1) Tourism and Recreational Development

Controlling Officer: Director of Civil Engineering and Development (LAM Sai-hung)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is stated in the “Matters Requiring Special Attention in 2018-19” that the Government will continue “the planning and detailed design for the proposed public landing facility and related marine works in Lei Yue Mun”. This item has been included under the “Matters Requiring Special Attention” for 2 consecutive years.

Would the Government advise this Committee the details, time table and progress of such proposed works?

Asked by: Hon Jeremy TAM Man-ho (Member Question No. (LegCo use): 311)

Reply:

The proposed public landing facility for Lei Yue Mun is one of the facilities to be provided under the Lei Yue Mun Waterfront Enhancement Project (the Project). Apart from the public landing facility, the scope of the Project also includes the construction of a breakwater and a waterfront promenade; the provision of several lookout points and streetscape improvement works along the footpath linking up the lookout points; as well as construction of a new viewing platform, etc. We are working on the required statutory procedures for gazettal of the project works under the Foreshore and Seabed (Reclamations) Ordinance, including carrying out an environmental impact assessment for the full scope of the works. Hence, we are yet to confirm the timetable for the implementation of the Project.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)257

(Question Serial No. 3544)

Head: (33) Civil Engineering and Development Department
Subhead (No. & title): (-) -
Programme: (1) Tourism and Recreational Development
Controlling Officer: Director of Civil Engineering and Development (LAM Sai-hung)
Director of Bureau: Secretary for Commerce and Economic Development

Question:

In connection with the planning and design of a public landing facility in the Lei Yue Mun area, please advise this Committee:

- 1) the details and progress of such work over the past 2 years, as well as anticipated details of such work in 2018-19;
- 2) whether your Department has already identified mitigation proposals or measures, in the light of the substantial implication on water quality caused by dredging, dumping of dredged mud, piling and sea wall construction works, as detailed in an earlier assessment, during construction of the public landing facility.

Asked by: Hon WU Chi-wai (Member Question No. (LegCo use): 82)

Reply:

According to Rule 49 of the Finance Committee Procedures, special meetings of the Finance Committee are convened to examine the annual Estimates of Expenditure prepared by the Government in support of the Appropriation Bill.

Expenditure charged to the Capital Works Reserve Fund does **not** form part of the Appropriation Bill. As such, questions relating to expenditure under the Fund are **not** relevant to the examination of the Estimates of Expenditure or the Appropriation Bill.

- 1) The proposed public landing facility for Lei Yue Mun is one of the facilities to be provided under the Lei Yue Mun Waterfront Enhancement Project. We are working on the required statutory procedures for gazettal of the project works under the Foreshore and Seabed (Reclamations) Ordinance, including carrying out an environmental impact assessment (EIA) study for the full scope of the works. The relevant EIA study commenced in April 2016 and it is targeted for completion in 2018-19. We would continue to implement the Project in accordance with the

statutory procedures under the Environmental Impact Assessment Ordinance as well as the Foreshore and Seabed (Reclamations) Ordinance.

- 2) The on-going EIA study includes assessment of the potential impacts on water quality owing to the project, and proposes mitigation measures as needed to ensure that no unacceptable impact will be caused to the water quality of nearby waters.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)258

(Question Serial No. 0596)

Head: (78) Intellectual Property Department

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

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 light of the Belt and Road Initiative and the Bay Area development, has the Intellectual Property Department allocated additional resources to the estimate under Programme (2) Protection of Intellectual Property to support the business sector in strengthening their intellectual property protection and management in the Mainland? If yes, what are the details? If not, what are the reasons?

Asked by: Hon CHAN Chun-ying (Member Question No. (LegCo use): 32)

Reply:

Over the years, the Intellectual Property Department (IPD) has been collaborating with various cities in the Guangdong Province, under the framework of the “Guangdong/Hong Kong Expert Group on the Protection of Intellectual Property (IP) Rights”, to organise a variety of activities to support the business sector in strengthening the protection and management of intellectual property (IP) for their Mainland operations.

IPD also attaches great importance to strengthening co-operation with the Mainland on the IP front, in order to fully capitalise on the opportunities brought by the Belt and Road Initiative (B&RI) and the Guangdong-Hong Kong-Macao Bay Area (Bay Area) Development. In August 2017, the “Guangdong/Hong Kong Expert Group on the Protection of IP Rights” signed the 2017-18 Co-operation Agreement, in which “promoting co-operation on IP in the Guangdong-Hong Kong-Macao Bay Area actively” was featured as a new area of co-operation between the two sides. Moreover, the IP authorities in the Pan-Pearl River Delta (Pan-PRD) region (including IPD) signed the “Agreement on IP co-operation in the Pan-PRD region in the context of the Belt and Road” in November 2017 to promote the continuous deepening of regional IP co-operation for fostering joint economic development of the Pan-PRD region.

To tie in with the above development, IPD will carry out more IP co-operation projects relating to B&RI and the Bay Area Development in 2018-19. Such projects include promoting the development of high-end IP services and fostering exchange and co-operation in IP protection and collaboration between IP trading platforms of Guangdong and Hong Kong on the premise of complementing the advantages of both places and achieving mutual benefits. IPD will also organise exchange activities in collaboration with the IP authorities of the Guangdong Province and the Macao SAR, with a view to assisting the business sector in the Bay Area to develop international brands and enhance their competitiveness. Furthermore, IPD plans to produce publicity videos to showcase how enterprises could succeed in commercialising and promoting their IPs (patents, copyright, trademarks, etc.) worldwide by leveraging on the distinctive advantages of the Bay Area Development. It is expected that these projects can help the business sector further strengthen IP protection and management relating to their Mainland operations.

As IPD's workload in relation to the Bay Area Development (including projects to support the business sector in strengthening IP protection and management for their Mainland operations) will increase in the coming years, an additional provision of \$4.9 million has been allocated to IPD to meet the relevant expenditure in 2018-19 and the ensuing 4 years.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)259

(Question Serial No. 0618)

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 2018-19 under this Programme that the Intellectual Property Department (IPD) will organise promotion and education activities specially for small and medium enterprises (SMEs) with emphasis placed on intellectual property (IP) protection and management. Please inform this Committee of the details of the relevant work and expenditure required, as well as the effectiveness and expenditure of the IPD's work in this respect in recent years.

Asked by: Hon CHUNG Kwok-pan (Member Question No. (LegCo use): 29)

Reply:

IPD attaches great importance to the promotion and education work on enhancing the protection and management of intellectual property rights (IPR). Apart from the general public, the business sector (including SMEs) has always been a main target of IPD's promotion and education efforts. In 2018-19, IPD will continue to implement a series of initiatives, and key items include:

- (i) implementing the "IP Manager Scheme" and the free "IP Consultation Service Scheme", and sponsoring and promoting training courses on IP-related subjects organised by professional bodies and business organisations;
- (ii) co-organising the "Business of IP Asia Forum" with the Hong Kong Trade Development Council and the Hong Kong Design Centre;
- (iii) carrying out a survey to understand the manpower situation in respect of IP trading and management, identify skillset requirements and training needs, and forecast the manpower demand, etc. The survey is expected to complete by mid-2018;
- (iv) promoting IP trading and support services through different channels, including websites, exhibitions, seminars, trade magazines and business associations; and

- (v) collaborating with IP authorities on the Mainland to promote IP protection, management and trading to the business sector regarding their businesses on the Mainland (e.g. co-organising activities with the IP authorities of the Guangdong Province such as seminars for SMEs and exchange activities, and disseminating latest information on the IP regimes of Guangdong, Hong Kong and Macao.)

IPD has all along been keeping in touch with the industry and stakeholders, conducting regular surveys on public awareness on IP protection, and collecting feedback from participants of the relevant promotion and education activities, in assessing the effectiveness of its promotion activities and drawing up appropriate promotion strategies and programme plans. The feedback from the industry and stakeholders is positive in overall terms.

In addition, as the law enforcement agency for IPR, the Customs and Excise Department (C&ED) makes on-going efforts to enhance awareness of IPR by the public and business sector through various channels, including seminars and talks organised from time to time in collaboration with IPD, the Consumer Council, industry associations and major business associations. C&ED will continue to organise publicity and education activities to raise the awareness of IPR by all.

Promoting the protection and management of IPR to the business sector (including SMEs) is part and parcel of IPD's overall publicity and education plan. It is therefore difficult to quantify the resources required for such efforts.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)260

(Question Serial No. 2201)

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 rights (IPR), please advise this Committee of:

- (a) the public promotion and education activities organised by the Government in 2017-18 for promoting awareness as well as the importance of copyright protection, in particular copyright protection in the digital environment, and the expenditure involved; and
- (b) the Government's work plan in 2018-19 for promoting awareness as well as the importance of copyright protection, in particular copyright protection in the digital environment, and the expenditure involved.

Asked by: Hon MA Fung-kwok (Member Question No. (LegCo use): 36)

Reply:

The Intellectual Property Department (IPD) attaches great importance to the promotion and education work on enhancing the awareness of and respect for IPR. IPD has been taking forward 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). IPD collaborates with various organisations in conducting talks, concerts, competitions and large-scale promotional events, and supports a diversified range of publicity and education activities. IPD also produces Announcements of Public Interest (APIs) from time to time, and launches activities targeting at schools such as interactive drama programmes, interactive tutorial websites, visits to primary and secondary schools as well as seminars in tertiary institutions, etc. to put across the messages of respecting creativity, protecting IPR and stopping online infringement. In 2018-19, IPD will continue to implement the above measures which include:

- (i) broadcasting APIs on television;
- (ii) producing leaflets for distribution at seminars, exhibitions and schools and for uploading onto IPD's website;
- (iii) organising a science lecture and placing supplements in local newspapers targeted at students; and
- (iv) organising a large scale promotion activity for members of the "I Pledge" Campaign.

When carrying out the above-mentioned promotion and education work to the public, IPD puts great importance on promoting the respect for and protection of copyright in the digital environment. Among others, IPD will quote the latest law enforcement cases to remind the public (especially young people) not to defy the law by infringing copyright on the Internet. Such cases include the one concluded in December last year in which charges of "circumvention of effective technological measures" under the Copyright Ordinance and "conspiracy to defraud" under the common law were applied by Customs for the first time in the successful prosecution of an infringing case involving TV set top boxes and applications¹. IPD has also been organising different activities with the Hong Kong Customs and the local intellectual property industry through the "Youth Ambassador Against Internet Piracy" scheme they jointly launched in 2006 to strengthen the awareness of young people to prevent online infringement. The scheme currently has more than 200,000 members.

The efforts to promote awareness of and respect for IPR are part of the day-to-day work of IPD. IPD will continue to take forward various initiatives by existing resources.

¹ The syndicate mastermind and two other defendants were sentenced to imprisonment ranging from 21 to 27 months. The sentence is the heaviest penalty ever for Internet piracy in Hong Kong.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)261****(Question Serial No. 5132)**Head: (79) Invest Hong KongSubhead (No. & title): (-) -Programme: Investment PromotionControlling Officer: Director-General of Investment Promotion (Stephen PHILLIPS)Director of Bureau: Secretary for Commerce and Economic DevelopmentQuestion:

How many overseas companies were facilitated by Invest Hong Kong to set up business operations in Hong Kong in the past year? Please set out the figures by overseas country involved and type of business investment.

Asked by: Hon CHAN Chi-chuen (Member Question No. (LegCo use): 265)Reply:

In 2017, Invest Hong Kong ("InvestHK") completed a total of 402 investment projects^{Note}. The breakdowns by market and sector are as follows:

(i) Breakdown by market

Market	Number of investment projects completed
Mainland	86
United States	47
United Kingdom	35
Australia	23
Japan	22
Singapore	20
France	19
Germany	16
Italy	15
India	14
Taiwan	13
Korea	9
Canada	8
Russia	7

Market	Number of investment projects completed
Switzerland	6
Belgium	5
Spain	5
Sweden	5
Brazil	4
Netherlands	4
Cayman Islands	3
Turkey	3
United Arab Emirates	3
Argentina	2
Czech Republic	2
Denmark	2
Ireland	2
Israel	2
New Zealand	2
Others	18
Total	402

(ii) Breakdown by sector

Sector	Number of investment projects completed
Transport and Industrial	61
Tourism and Hospitality	59
Innovation and Technology	53
Business and Professional Services	48
Consumer Products	45
Information and Communications Technology	42
Financial Services	41
Creative Industries	40
Financial Technology	13
Total	402

Note: Investment projects each resulting in an overseas, Mainland or Taiwan company setting up or undergoing a significant expansion in Hong Kong with the assistance of InvestHK. The figures do not include companies set up in Hong Kong without such assistance.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)262

(Question Serial No. 0597)

Head: (79) Invest Hong Kong

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

Programme: Investment Promotion

Controlling Officer: Director-General of Investment Promotion (Stephen PHILLIPS)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Under Matters Requiring Special Attention in 2018-19, it is mentioned that Invest Hong Kong (InvestHK) will continue to focus investment promotion efforts on the priority sectors, with emphasis on financial services, transport and logistics as well as information and communications technology sectors. With respect to the financial services sector, how many investment promotion activities will be organised by InvestHK this year? What are the details of these activities respectively, and what are the expenditure and manpower resources involved?

Asked by: Hon CHAN Chun-ying (Member Question No. (LegCo use): 33)

Reply:

Invest Hong Kong ("InvestHK") collaborates closely with relevant bureaux and departments to support Government's policy objectives. In 2018-19, InvestHK will accord priority to promote business opportunities in the financial services, transport and logistics, innovation and technology as well as creative industries sectors. In respect of financial services, InvestHK will step up its promotion efforts in the following areas –

- (a) To promote Hong Kong as a major asset management centre and investment platform in Asia-Pacific, InvestHK will conduct investment promotion visits to key financial markets including London, Dublin, Paris, Zurich, Tokyo, Seoul, Tianjin, Beijing, Shanghai, Guangzhou, and Shenzhen. Through participating in and sponsoring international events, InvestHK will reach out to a diverse range of financial companies with the potential and interest in setting up in Hong Kong. Specifically, InvestHK will sponsor SuperReturn Asia conferences to be held in the Mainland and Hong Kong in May and September 2018 respectively, and the Asian Venture Capital Journal (AVCJ) Private Equity and Venture Forum to be held in Hong Kong in November 2018. InvestHK also plans to organise a thematic seminar on corporate treasury centre in Guangzhou in May 2018.

- (b) To showcase the strengths of Hong Kong as a leading aircraft leasing and aviation finance hub, InvestHK will work closely with the Transport and Housing Bureau, Inland Revenue Department and the Hong Kong Aircraft Leasing and Aviation Finance Association to develop flyers introducing the tax concessions as well as case studies on prominent aircraft leasing companies having been set up in Hong Kong, and organise seminars/workshops in Shanghai, Beijing and Hong Kong in June, September and October 2018 respectively. InvestHK will also participate in and/or sponsor signature events, such as the International Society of Transport Aircraft Trading (ISTAT) aircraft leasing event to be held in London in July 2018, and the Airline Economics conferences to be held in Hong Kong in October 2018.
- (c) InvestHK will continue to work closely with the Economic and Trade Offices in promoting the advantages of Hong Kong as platform for financial services and provide supporting services to attract and assist overseas companies in the sector to set up and expand their businesses in Hong Kong.

The estimated expenditure of InvestHK on investment promotion work in 2018-19 is about \$41 million. The figure does not include staff cost and administrative overhead 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.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)263

(Question Serial No. 1074)

Head: (79) Invest Hong Kong

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

Programme: Investment Promotion

Controlling Officer: Director-General of Investment Promotion (Stephen PHILLIPS)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is mentioned in the Programme of the Invest Hong Kong (InvestHK) that InvestHK will strengthen investment promotion efforts to encourage multinational companies to set up or expand their businesses in Hong Kong, in particular on the Mainland, in Taiwan and other emerging markets, so as to capitalise on the business opportunities arising from the Belt and Road Initiative and Bay Area development. Will the Government inform this Committee of the promotion efforts in detail, and the results of the promotion efforts made in different regions in the past? Also, how will InvestHK make specific promotion efforts in the light of the Belt and Road Initiative and Bay Area development?

Asked by: Hon CHAN Kin-por (Member Question No. (LegCo use): 24)

Reply:

Invest Hong Kong ("InvestHK") 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, InvestHK assisted a total of 402 companies to set up or expand their businesses in Hong Kong, of which 155 companies came from the Mainland, Taiwan and emerging markets (including the Association of Southeast Asian Nations ("ASEAN"), India, Middle East, Russia and South America).

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 2018-19, InvestHK plans to organise investment promotion seminars in various high-growth Mainland cities such as Beijing, Chengdu, Guangzhou and Xiamen, 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 maintain its close partnership with the Taiwan business community and conduct investment promotion visits in various Taiwan cities, with the support of its Investment Promotion Unit stationed in the Hong Kong Economic, Trade and Cultural Office in Taiwan.

InvestHK also plans to conduct a series of investment promotion events in target markets including Southeast Asia, India and the Middle East to underline Hong Kong's business advantages and to attract more companies to set up businesses in Hong Kong. InvestHK will also maintain liaison with consulates and chambers of commerce to connect with those overseas companies that have set up in Hong Kong to facilitate their business expansion.

When conducting investment promotion activities, assisting companies to take advantage of the 'Belt and Road' initiative as well as the Bay Area development is always one of our primary proposition and we will continue to step up our efforts in this direction arising from the increasing business opportunities ahead.

The estimated expenditure for InvestHK on investment promotion work for 2018-19 is about \$41 million. The figure does not include staff cost and administrative overhead expenses which cannot be quantified separately.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)264

(Question Serial No. 1075)

Head: (79) Invest Hong Kong

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

Programme: Investment Promotion

Controlling Officer: Director-General of Investment Promotion (Stephen PHILLIPS)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is mentioned in the Programme of Invest Hong Kong (InvestHK) that it will strengthen the aftercare services for overseas and Mainland enterprises and investors in Hong Kong. Will the Government inform this Committee of the aftercare support services currently provided by InvestHK to overseas enterprises in Hong Kong? What are the strengthened services? There are considerable views from the business sector that the support services provided by the Singapore government to overseas enterprises are among the best in the world in terms of service quality and effectiveness. Will InvestHK consider sending staff to Singapore on a study trip with a view to enhancing the effectiveness of the relevant support service in Hong Kong?

Asked by: Hon CHAN Kin-por (Member Question No. (LegCo use): 25)

Reply:

Hong Kong is an international business hub with distinct advantages as a place for multinational firms to establish their presence or expand business.

Invest Hong Kong ("InvestHK") has an established programme to conduct aftercare contacts with investors who had previously been assisted by InvestHK and other multinational companies already set up in Hong Kong, to keep track of their developments and to help them identify and seize opportunities to grow, expand and create new jobs in Hong Kong. Specifically, InvestHK provides latest market information, advice on business regulations, Government's funding and support schemes, as well as publicity and networking opportunities, etc..

In 2018-19, InvestHK will set up a small dedicated team to enhance the provision of aftercare services for overseas and Mainland companies. The dedicated team will develop a structured and systematic outreach programme to reach out to strategic overseas and Mainland companies. It will also proactively hold strategic discussions with key investors to help them consider new areas for growth and at the same time promote Hong Kong's

unique advantages and opportunities arising from the Belt and Road Initiative and Guangdong-Hong Kong-Macao Greater Bay, and facilitate their business establishment or expansion in Hong Kong. Focused events for strategic companies such as high-level conferences/roundtables will be organised locally and overseas, in order to effectively engage key corporate decision makers. These events would be themed according to the specific interests and needs of strategic companies.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)265****(Question Serial No. 1076)**Head: (79) Invest Hong KongSubhead (No. & title): (-) -Programme: Investment PromotionControlling Officer: Director-General of Investment Promotion (Stephen PHILLIPS)Director of Bureau: Secretary for Commerce and Economic DevelopmentQuestion:

Last year, the number of overseas enterprises in Hong Kong rebounded. Will the Government inform this Committee of the latest situation of overseas enterprises in Hong Kong as at the end of last month? Is the number of enterprises continuously on the rise? How does Invest Hong Kong (InvestHK) attract overseas enterprises to set up regional headquarters or regional offices in Hong Kong? Moreover, did InvestHK examine whether it is feasible for Hong Kong to further promote headquarters economy? What are the difficulties?

Asked by: Hon CHAN Kin-por (Member Question No. (LegCo use): 26)Reply:

The Census and Statistics Department ("C&SD"), in collaboration with Invest Hong Kong ("InvestHK"), conducts an annual survey, the response to which is voluntary in nature, on the number of overseas and Mainland companies with business operations in Hong Kong. As shown in the table below, the number of companies in Hong Kong (including regional headquarters ("RHQs"), regional offices ("ROs") and local offices) with parent companies in the Mainland or overseas have been on the rise in the past few years:

Year ^{Note}	Number of companies in Hong Kong	Year-on-year change
2013	7 449	-
2014	7 585	136
2015	7 904	319
2016	7 956	52
2017	8 225	269

Note:

Since this is an annual survey, monthly figures are not available.

InvestHK is committed to promoting Hong Kong as a prime investment destination, and to encourage overseas and Mainland enterprises and investors to establish operations in Hong Kong, in particular setting up their RHQs and ROs in Hong Kong. Enterprises are also encouraged to leverage on Hong Kong's professional services, particularly by using Hong Kong as a centre for fund-raising, financing, bond issuance, wealth management. InvestHK also liaises closely with the relevant bureaux, departments and overseas and Mainland Economic and Trade Offices, to identify potential multinational companies and attract them to set up operations in Hong Kong.

In addition, InvestHK has an established programme to conduct aftercare contacts with investors who had previously been assisted by InvestHK and other multinational companies already set up in Hong Kong, to keep track of their developments and to help them identify and seize opportunities to grow, expand and create new jobs in Hong Kong. Specifically, InvestHK provides latest market information, advice on business regulations, Government's funding and support schemes, as well as publicity and networking opportunities etc..

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)266

(Question Serial No. 0165)

Head: (79) Invest Hong Kong

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

Programme: Investment Promotion

Controlling Officer: Director-General of Investment Promotion (Stephen PHILLIPS)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Under Matters Requiring Special Attention in 2018-19, Invest Hong Kong will continue to focus investment promotion efforts on priority sectors, with emphasis on financial services, transport and logistics, innovation and technology as well as creative industries sectors. What are the specific measures and expenditure to be involved? In the last financial year, financial services, transport and logistics as well as the information and communications technology sectors were among the priority sectors. How was the effectiveness of the promotion efforts in this regard? What was the expenditure involved? Please provide the figures in respect of key priority sectors.

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

Reply:

In 2018-19, 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, innovation and technology as well as creative industries sectors.

InvestHK will continue to work in close partnership 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 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 priority sectors. In 2017, InvestHK completed a total of 402 investment projects, including 41 investment projects from financial services, 32 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. Particularly, in 2018-19, InvestHK will set up a dedicated team to strengthen promotion to attract more renowned maritime enterprises to operate in Hong Kong, step up efforts in the innovation and technology sector to dovetail with the policy objectives of the Government as well as strengthen the digital marketing and social media strategy to attract more Mainland and international companies to set up in Hong Kong.

In 2017-18, the estimated actual expenditure for organising and sponsoring sector-focused events is around \$3.7 million while the estimated expenditure in 2018-19 is around \$4.7 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)267

(Question Serial No. 0391)

Head: (79) Invest Hong Kong

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

Programme: Investment Promotion

Controlling Officer: Director-General of Investment Promotion (Stephen PHILLIPS)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is stated in Matters Requiring Special Attention in 2018-19 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? Please explain in table form.

Asked by: Hon CHUNG Kwok-pan (Member Question No. (LegCo use): 34)

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 2017, InvestHK assisted 47 innovation-driven and technology-driven start-ups to set up their business operations in Hong Kong. They come from different sectors including innovation and technology, information and communications technology, financial technology (“fintech”), etc..

To track the growth of the start-up ecosystem, InvestHK conducted its fourth annual survey in 2017 to poll operators of major co-work spaces, incubation and accelerator programmes in Hong Kong. The results showed that as at November 2017, a total of 2 229 start-ups were operating in these premises, representing an increase of 16% (or 303 start-ups) over the past year, and the number of people employed by start-ups also increased by 21% to about 6 320.

To showcase the vibrant environment of Hong Kong as a leading hub for start-ups, the annual StartmeupHK Festival (“the Festival”) has been organised since 2016. In 2017-18, the week-long Festival was held from 29 January to 2 February 2018 to promote key start-up sectors in which Hong Kong has a distinct competitive advantage, such as financial technology (“fintech”), smart city, Internet of things (IoT), health technology and retail technology. The Festival attracted over 6 000 participants. In 2018-19, 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 the Economic and Trade Offices and organisations such as Cyberport, the Hong Kong Science and Technology Parks Corporation to promote Hong Kong as a major start-up hub.

In 2018-19, InvestHK plans to stage/sponsor start-up events in Lisbon, Amsterdam, Helsinki, San Francisco, Singapore and Mainland China to reach out to potential entrepreneurs.

The estimated actual expenditure for conducting the related investment promotion activities for 2017-18 is around \$5.9 million; while the estimated expenditure for 2018-19 is around \$7.4 million. The figures do not include general marketing and promotion 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.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)268

(Question Serial No. 0393)

Head: (79) Invest Hong Kong

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

Programme: Investment Promotion

Controlling Officer: Director-General of Investment Promotion (Stephen PHILLIPS)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Under Matters Requiring Special Attention in 2018–19, it is stated that Invest Hong Kong will, inter alia “strengthen investment promotion efforts to encourage multinational companies to set up or expand their businesses in Hong Kong, in particular on the Mainland, in Taiwan and other emerging markets including those along the Belt and Road, so as to capitalise on the business opportunities arising from the Belt and Road Initiative and Bay Area development.” Please advise this Committee of the effectiveness of such work in 2017-18 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. (LegCo use): 38)

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 2017, InvestHK assisted 155 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 and other relevant local authorities such as provincial or municipal bureau 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 the competitive edges of Hong Kong. In 2017, these seminars were held in Mainland cities including Beijing, Changsha, Chengdu, Jinan, Shenyang, Taiyuan and Xiamen. 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 more than 30 incoming Mainland delegations on Hong Kong's investment environment.

In 2017, 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 the Belt and Road Initiative and the Guangdong-Hong Kong-Macao Bay Area development, in 2018-19, InvestHK will continue its efforts in reaching out to potential companies through marketing campaigns, seminars and investment promotion visits. We are planning to organise investment promotion seminars in various high-growth Mainland cities such as Beijing, Chengdu, Guangzhou and Xiamen, etc.. We will also continue to collaborate with Mainland authorities and business associations to promote Hong Kong as an ideal platform for Mainland companies to go global.

InvestHK's estimated expenditure in 2018-19 for organising various investment promotion activities is around \$41 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)269

(Question Serial No. 5946)

Head: (79) Invest Hong Kong

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

Programme: Investment Promotion

Controlling Officer: Director-General of Investment Promotion (Stephen PHILLIPS)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The importance of aftercare services in investment promotion has been stressed time and again by both the Administration and members at LegCo. Please provide details in relation to such aftercare services, including but not limited to the type of aftercare services given, the operation of such services (whether only offered by the government, or can be actively sought by companies), and operational expenses.

Asked by: Hon KWOK Wing-hang, Dennis (Member Question No. (LegCo use): 5)

Reply:

Invest Hong Kong ("InvestHK") has an established programme to conduct aftercare contacts with investors who had previously been assisted by InvestHK and other multinational companies already set up in Hong Kong, to keep track of their developments and to help them identify and seize opportunities to grow, expand and create new jobs in Hong Kong. Specifically, InvestHK provides latest market information, advice on regulatory requirements, Government's funding and support schemes, as well as publicity and networking opportunities, etc..

In 2018-19, InvestHK will set up a small dedicated team to enhance the provision of aftercare services for overseas and Mainland companies. The dedicated team will develop a structured and systematic outreach programme to reach out to strategic overseas and Mainland companies. It will also proactively hold strategic discussions with key investors to help them consider new areas for growth and at the same time promote Hong Kong's unique advantages and opportunities arising from the Belt and Road Initiative and Guangdong-Hong Kong-Macao Greater Bay, and facilitate their business establishment or expansion in Hong Kong. Focused events for strategic companies such as high-level conferences/roundtables will be organised locally and overseas, in order to effectively engage key corporate decision makers. These events would be themed according to the specific interests and needs of strategic companies.

Provision of aftercare services is one of the regular duties of the nine sector teams and new dedicated team in the Head Office of InvestHK. The staff cost cannot be separately quantified.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)270

(Question Serial No. 3193)

Head: (79) Invest Hong Kong

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

Programme: Investment Promotion

Controlling Officer: Director-General of Investment Promotion (Stephen PHILLIPS)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

One of the aims of Invest Hong Kong (InvestHK) is to provide an opportunity for start-ups to meet with potential investors, business partners and other stakeholders. In 2018-19, what are the plans for InvestHK 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? Will it deploy additional resources to help start-ups in enhancing competitiveness? If yes, what is the estimated expenditure? If no, what are the reasons?

Asked by: Hon LAM Kin-fung, Jeffrey (Member Question No. (LegCo use): 14)

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 this 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, the annual StartmeupHK Festival ("the Festival") has been organised since 2016. In 2017-18, the week-long Festival was held from 29 January to 2 February 2018 to promote key start-up sectors in which Hong Kong has a distinct competitive advantage, such as financial technology ("fintech"), smart city, Internet of things (IoT), health technology and retail technology. The Festival attracted over 6 000 participants. In 2018-19, 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 the Economic and

Trade Offices and organisations such as Cyberport, the Hong Kong Science and Technology Parks Corporation to promote Hong Kong as a major start-up hub.

In 2018-19, InvestHK also plans to stage/sponsor start-up events in Lisbon, Amsterdam, Helsinki, San Francisco, Singapore and Mainland China to reach out to potential entrepreneurs.

The estimated expenditure for conducting the related investment promotion activities for 2018-19 is around \$7.4 million. The figure does not include general marketing and promotion expenses which cannot be separately quantified.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)271

(Question Serial No. 5758)

Head: (79) Invest Hong Kong

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

Programme: Investment Promotion

Controlling Officer: Director-General of Investment Promotion (Stephen PHILLIPS)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Regarding attracting 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 materials available, if any, showing the difficulties encountered by foreign start-ups in setting up business in Hong Kong; if yes, of the details and the follow-up actions taken by Invest Hong Kong.

Asked by: Hon MOK Charles Peter (Member Question No. (LegCo use): 139)

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 2017-18, the week-long StartmeupHK Festival was held from 29 January to 2 February 2018 to promote key start-up sectors in which Hong Kong has a distinct competitive advantage, such as financial technology (“fintech”), smart city, Internet of things (IoT), health technology and retail technology. The Festival attracted over 6 000 participants.

Apart from hosting major events, InvestHK also actively reaches out to overseas start-up communities 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 the Economic and Trade Offices and organisations such as Cyberport, the Hong Kong Science and Technology Parks Corporation (“HKSTPC”) to promote Hong Kong as a major start-up hub.

The actual expenditure for conducting related investment promotion activities was \$5.8 million in 2015-16, and \$5.9 million in 2016-17. The estimated actual expenditure for 2017-18 is around \$5.9 million. The figures do not include administrative overhead expenses as well as expenditure and staff cost and 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 follows –

Year	No. of start-ups recorded in the surveys (including those with foreign and/or local founders)	No. of start-ups assisted by InvestHK
2015	1 558	69
2016	1 926	35 ^{Note}
2017	2 229	47 ^{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, 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 which have been acquired or gone public.
- (c) Since respondents of the annual survey are only asked to provide the number of start-ups under their programme and operating on their premises, the major sectors involved and the total number of staff employed, the survey results do not include information on the number and percentage of start-ups which have been set up for over two or three years.
- (d) For the 104 start-up projects assisted by InvestHK in 2015 and 2016, we conducted aftercare contacts for 47 of them in 2017 and 40 (or 85%) were still in operation.
- (e) Start-ups often seek advice on opening of bank accounts, introduction to investors, Government funding, business registration, visa application, hiring of staff and connecting to the start-up ecosystem. To assist them in setting up operations in Hong Kong, InvestHK provides a wide range of services, including providing bank contacts, signposting them to relevant Government funding schemes, guidance on visa application, and introducing them to ecosystem stakeholders, etc..

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)272****(Question Serial No. 1724)**Head: (79) Invest Hong KongSubhead (No. & title): (-) -Programme: Investment PromotionControlling Officer: Director-General of Investment Promotion (Stephen PHILLIPS)Director of Bureau: Secretary for Commerce and Economic DevelopmentQuestion:

(a) Please provide the numbers of companies that have set up or expanded their business in Hong Kong with the assistance of Invest Hong Kong, including (i) place of origin and (ii) investment value. Please provide the information by sector.

	2013 i, ii	2014 i, ii	2015 i, ii	2016 i, ii	2017 i, ii
Business and Professional Services					
Consumer Product					
Creative Industries					
Financial Services					
Information and Communication Technology					
Innovation and Technology					
Tourism and Hospitality					
Transport and Industrial					

(b) Please provide figures of foreign direct investment in Hong Kong (including Taiwan, Mainland China and Macao) in the past 5 years, including (i) position at end of year, (ii) inflow in year, (iii) number of companies. Please provide the information by country or territory.

	2013 i, ii, iii	2014 i, ii, iii	2015 i, ii, iii	2016 i, ii, iii	2017 i, ii, iii
Major investor country/territory					
...					
Total of all countries/territories					

(c) Please provide figures of foreign direct investment in Hong Kong (including Taiwan, Mainland China and Macao) in the past 5 years, including (i) position at end of year, (ii) outflow in year, (iii) inflow in year. Please provide the information by “major investor country/territory” and “industry”.

(Relevant year)

	(Major investor country/territory) e.g. China i, ii, iii	e.g. U.S. i, ii, iii	e.g. U.K. i, ii, iii	
Investment and holding, real estate, professional and business services				
Banking				
Import/export, wholesale and retail trades				
Financing (except banking, investment and holding companies)				
Construction				
Transport, storage, postal and courier services				
Insurance				
Information and communications				

Manufacturing				
Accommodation and food services				
Other activities				
Total				

Asked by: Hon TAM Man-ho, Jeremy (Member Question No. (LegCo use): 534)

Reply:

(a) In the past five years (2013-2017), Invest Hong Kong (“InvestHK”) completed a total of 337, 355, 375, 391 and 402 investment projects^{Note} respectively. These investment projects involved direct investment of around HK\$12.5 billion, HK\$8.9 billion, HK\$10.1 billion, HK\$16.3 billion and HK\$16.6 billion respectively. The breakdowns are as follows –

Breakdown by major markets

	2013	2014	2015	2016	2017
	Markets (number of investment projects completed)				
Business and Professional Services	UK (6) US (6) Japan (5) Mainland (5) Malaysia (2) Netherlands (2) Others (13)	UK (7) France (5) Japan (5) Mainland (5) US (5) Singapore (4) Others (10)	Mainland (11) US (6) Spain (5) Others (22)	Mainland (11) UK (10) US (10) Germany (3) Others (13)	Mainland (8) UK (7) Germany (5) Others (28)
Creative Industries	UK (7) Germany (5) Mainland (5) France (4) Others (13)	France (5) Australia (4) Italy (4) UK (4) US (4) Japan (3) Mainland (3) Others (9)	UK (9) France (8) Japan (5) Others (16)	UK (11) US (8) Germany (4) Others (17)	UK (11) US (6) Australia (5) Others (18)
Consumer Products	Italy (6) Japan (6) France (5) Mainland (4) Others (18)	US (6) Italy (4) Japan (4) Australia (3) France (3) India (3) UK (3) Others (15)	Japan (7) Italy (6) UK (5) Others (25)	Taiwan (8) Mainland (5) Japan (4) Others (28)	India (9) US (5) Australia (3) France (3) Germany (3) Japan (3) Taiwan (3) Others (16)

	2013	2014	2015	2016	2017
	Markets (number of investment projects completed)				
Financial Services	Mainland (10) US (8) UK (7) Others (17)	Mainland (16) UK (5) US (5) Korea (3) Switzerland (3) Others (14)	Mainland (16) UK (5) Japan (4) US (4) Others (19)	Mainland (22) Japan (4) UK (4) US (4) France (3) Others (13)	Mainland (20) UK (4) Australia (3) Others (14)
Financial Technology	--	--	--	--	Mainland (3) Singapore (3) US (2) Australia (1) Czech Republic (1) France (1) Korea (1) UK (1)
Innovation and Technology	Mainland (14) US (10) Japan (5) Others (16)	Mainland (20) US (9) UK (4) Others (15)	Mainland (19) US (10) Australia (3) Germany (3) UK (3) Others (13)	Mainland (15) US (9) Singapore (4) Others (25)	Mainland (17) US (10) Singapore (5) Others (21)
Information and Communications Technology	Mainland (9) US (9) France (3) Australia (2) Japan (2) UK (2) Others (9)	US (9) France (5) Germany (3) Japan (3) Singapore (3) Others (15)	US (10) Mainland (6) Australia (3) France (3) Taiwan (3) Others (15)	US (11) UK (7) Mainland (5) Others (19)	US (11) Mainland (4) UK (4) Australia (3) France (3) Taiwan (3) Others (14)
Tourism and Hospitality	Japan (12) US (7) Mainland (5) Others (30)	Japan (8) Australia (6) Italy (6) Mainland (6) Singapore (5) Taiwan (5) Others (18)	US (9) Japan (6) Mainland (6) France (4) India (4) UK (4) Others (24)	US (8) Mainland (6) France (5) Italy (5) Japan (5) Others (27)	Japan (10) Mainland (8) US (6) Others (35)
Transport and Industrial	Mainland (19) UK (4) US (4) Australia (3) Others (18)	Mainland (21) Korea (4) UK (4) US (4) Germany (3) Japan (3) Others (12)	Mainland (18) US (5) Japan (4) Korea (4) Others (23)	Mainland (17) US (6) France (4) Germany (4) Korea (4) Others (23)	Mainland (22) Italy (5) Germany (3) Korea (3) US (3) Others (25)

Breakdown by investment amount

	2013	2014	2015	2016	2017
	Number of investment projects completed (investment amount (in HK\$ million))				
Business and Professional Services	39 (168.1)	41 (223.5)	44 (432.6)	47 (765.4)	48 (294.4)
Creative Industries	34 (249)	36 (731.1)	38 (239.9)	40 (2,316.1)	40 (2,345.7)
Consumer Products	39 (362.7)	41 (402.4)	43 (163)	45 (2,244.9)	45 (200.5)
Financial Services	42 (2,073.7)	46 (1,492.3)	48 (3,784)	50 (6,180)	41 (2,276.3)
Financial Technology	--	--	--	--	13 (110.2)
Innovation and Technology	45 (2,266.7)	48 (2,618.2)	51 (1,017)	53 (1,939.5)	53 (6,955.4)
Information and Communications Technology	36 (4,296.2)	38 (1,357.8)	40 (502.6)	42 (1,048.7)	42 (1,261.1)
Tourism and Hospitality	54 (825.2)	54 (397.5)	57 (582.7)	56 (419.9)	59 (981.9)
Transport and Industrial	48 (2,306)	51 (1,697.9)	54 (3,454.4)	58 (1,466)	61 (2,258.2)
Total*	337 (12,547.7)	355 (8,920.7)	375 (10,176.1)	391 (16,380.3)	402 (16,683.6)

* Individual figures may not add up to the total due to rounding.

Note: Investment projects each resulting in an overseas, Mainland or Taiwan company setting up or undergoing a significant expansion in Hong Kong with the assistance of InvestHK. The figures do not include companies set up in Hong Kong without such assistance.

(b) & (c)

Based on the figures provided by the Census and Statistics Department, from 2012-2016, the position and flow of inward direct investment of Hong Kong (including Taiwan, the Mainland China and Macao) by selected major investor country/territory and major economic activity of Hong Kong enterprise groups are provided at Tables 1 and 2 respectively.

Table 1: Position and flow of inward direct investment (DI) of Hong Kong at market value by selected major investor country/territory[#], 2012 - 2016

HK\$ billion

Major investor country/territory	Position of inward DI at end of year					DI inflow during the year				
	2012	2013	2014	2015	2016	2012	2013	2014	2015	2016
British Virgin Islands	3,154.8	3,537.0	4,123.4	4,325.5	4,316.0	191.9	341.9	476.7	437.5	240.7
The mainland of China	3,568.3	3,341.6	3,493.5	3,270.3	3,241.4	232.7	46.6	221.8	200.8	256.8
Cayman Islands	136.1	262.6	397.1	861.7	970.0	12.6	34.4	16.7	404.3	136.0
Netherlands	671.1	696.6	745.9	778.7	795.3	37.8	16.1	44.8	34.4	50.4
Bermuda	615.8	613.8	612.9	569.7	586.5	73.0	45.7	-4.7	59.4	14.9
United States of America	294.9	347.5	385.0	314.6	313.7	-120.8	21.2	8.3	3.0	47.6
Singapore	204.5	225.9	318.5	343.1	291.5	17.1	14.0	59.0	23.3	-18.1
United Kingdom	129.7	159.6	131.9	256.4	282.2	43.9	23.1	44.4	55.9	64.9
Japan	173.8	205.8	226.5	225.8	220.7	7.7	6.3	10.8	22.5	14.4
Taiwan	64.2	67.1	68.6	79.4	108.9	5.3	2.2	0.8	-2.6	-1.3
Other countries/territories	633.5	1,025.4	1,099.4	1,310.6	1,481.9	43.1	24.8	-2.0	113.1	104.8
Of which:										
<i>Macao</i>	<i>78.3</i>	<i>113.4</i>	<i>72.8</i>	<i>46.7</i>	<i>45.0</i>	<i>0.7</i>	<i>-3.1</i>	<i>-6.7</i>	<i>-10.7</i>	<i>-7.3</i>
Total of all countries/territories	9,646.6	10,482.9	11,602.9	12,335.9	12,608.1	544.3	576.2	876.5	1,351.5	911.2

Notes :

Selected based on the position of Hong Kong's inward DI from individual investor countries/territories in recent years.

(1) Compiled based on the "directional principle" in accordance with the international statistical standards.

(2) Individual figures may not add up to the total due to rounding.

(3) Country/Territory here refers to the immediate source economy. It does not necessarily reflect the country/territory from which the funds are initially mobilised.

(4) Negative inflow does not necessarily relate to equity withdrawal. It may be the result of repayment of loans owed to non-resident affiliates.

Source: Census and Statistics Department

Table 2: Position and flow of inward direct investment (DI) of Hong Kong at market value by major economic activity of Hong Kong enterprise groups, 2012 - 2016

HK\$ billion

Major economic activity	Position of inward DI at end of year					DI inflow during the year				
	2012	2013	2014	2015	2016	2012	2013	2014	2015	2016
Investment and holding, real estate, professional and business services	6,628.7	7,153.0	7,779.2	8,321.6	8,505.7	441.9	358.0	496.8	1,144.4	509.2
Banking	1,121.7	1,235.0	1,305.9	1,372.7	1,496.3	60.2	110.6	130.4	116.7	143.3
Import/export, wholesale and retail trades	885.5	1,052.5	1,312.7	1,303.7	1,244.3	101.5	57.1	138.3	33.7	98.3
Financing (except banking, investment and holding companies)	294.1	271.5	319.9	331.5	354.2	21.3	13.3	29.1	5.7	60.8
Construction	167.1	171.7	198.8	308.6	262.6	7.9	9.6	12.4	37.1	27.5
Transportation, storage, postal and courier services	196.6	200.1	191.5	166.9	192.2	-4.7	0.7	6.6	-5.5	-1.1
Insurance	121.8	114.5	148.1	154.7	180.9	-100.1	5.1	38.5	7.9	31.8
Information and communications	55.8	75.0	93.1	85.5	86.4	2.6	4.6	8.0	-0.9	15.3
Manufacturing	72.5	82.2	77.0	98.3	71.6	7.2	8.2	3.3	11.4	3.3
Accommodation and food services	34.1	31.9	29.2	33.1	36.4	7.0	2.6	0.1	-12.2	2.7
Other activities	68.7	95.6	147.4	159.3	177.5	-0.4	6.5	13.1	13.2	20.0
Total of all economic activities	9,646.6	10,482.9	11,602.9	12,335.9	12,608.1	544.3	576.2	876.5	1,351.5	911.2

Notes :

- (1) Compiled based on the “directional principle” in accordance with the international statistical standards.
- (2) Individual figures may not add up to the total due to rounding.
- (3) A Hong Kong enterprise group (HKEG) mainly consists of a Hong Kong parent company, its Hong Kong subsidiaries, associates and branches.
- (4) For an enterprise group, economic activity here refers to the major economic activity of the whole enterprise group in Hong Kong. If an HKEG is engaged in a wide variety of activities, its economic activity is determined on the basis of the economic activity in respect of which the operating revenue is predominant.
- (5) Negative inflow does not necessarily relate to equity withdrawal. It may be the result of repayment of loans owed to non-resident affiliates.

Source: Census and Statistics Department

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)273

(Question Serial No. 0539)

Head: (79) Invest Hong Kong

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

Programme: Investment Promotion

Controlling Officer: Director-General of Investment Promotion (Stephen PHILLIPS)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Invest Hong Kong (InvestHK) will focus investment promotion efforts on priority sectors, with emphasis on financial services, transport and logistics, innovation and technology as well as creative industries sectors. Will more resources be allocated to innovation and technology and how will it complements the Government's policy of strengthening the development I&T industries by introducing relevant enterprises and institutions to Hong Kong to promote I&T development and facilitate economic growth? If yes, what are the details? If no, what are the reasons?

Asked by: Hon WONG Ting-kwong (Member Question No. (LegCo use): 25)

Reply:

In 2018-19, to complement the Government's policy of supporting the development of innovation and technology ("I&T"), Invest Hong Kong ("InvestHK") will continue to accord priority to promote business opportunities in the sector with a view to attracting overseas, Mainland and Taiwan I&T companies to set up in Hong Kong. We will sponsor and participate in local and overseas business events to identify potential investors and to promote the advantages of investing in Hong Kong.

InvestHK will put particular efforts into promoting Hong Kong's four areas of strength, namely biotechnology, artificial intelligence, smart city and financial technologies to encourage related companies to set up or expand their businesses in Hong Kong. The latest government policy initiatives in infrastructure enhancement and financial policies, and the availability of world class research resources and fund raising platforms in Hong Kong, provide solid support for strengthening the development of Hong Kong's I&T industries. InvestHK will ride on these advantages to further reinforce its promotion efforts. In March 2018, InvestHK, in collaboration with Hong Kong Science and Technology Parks Corporation, Hong Kong Applied Science and Technology Research Institute Company Limited and other organisations, conducted investment promotion activities in the Guangdong-Hong Kong-Macao Bay Area, including business roundtables and company

visits. In September 2018, InvestHK will organise a delegation visit for Mainland I&T enterprises and institutions to Hong Kong, including a sector-focused reception, with a view to further promoting the business advantages in Hong Kong and exploring business collaboration. In 2018-19, InvestHK will also redeploy its resources to further focus on the I&T sector, including dedicated manpower support for biotechnology.

In addition, InvestHK will continue to work in close partnership with other stakeholders, including the Hong Kong Economic and Trade Offices, Hong Kong Science and Technology Parks Corporation, Cyberport, and the Hong Kong Trade Development Council through regular meetings and joint promotion events. Locally, we will also step up our collaboration with overseas chambers/consulates in Hong Kong to further our reach to foreign businesses.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)274

(Question Serial No. 0540)

Head: (79) Invest Hong Kong

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

Programme: Investment Promotion

Controlling Officer: Director-General of Investment Promotion (Stephen PHILLIPS)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Government will strengthen investment promotion efforts to encourage multinational companies to set up or expand their businesses in Hong Kong, in particular on the Mainland, in Taiwan and other emerging markets including those along the Belt and Road, so as to capitalise on the business opportunities arising from the Belt and Road Initiative and the Bay Area development.

Regarding attracting companies from the Mainland and Taiwan to set up or expand their businesses in Hong Kong so as to capitalise on the business opportunities arising from the Belt and Road Initiative and the Bay Area development, what are business opportunities involved? What were the results of the Government's efforts in attracting investments from Taiwan to Hong Kong last year? What are the specific promotion plans targeted at Taiwan in this financial year?

Asked by: Hon WONG Ting-kwong (Member Question No. (LegCo use): 26)

Reply:

The opportunities brought by the Belt and Road Initiative and the development of the Guangdong-Hong Kong-Macao Bay Area will further enhance Hong Kong's role as a two-way development base for "going global" and attracting foreign investment. With Hong Kong's unique business advantages as well as its strategic location and status as an international financial, maritime and trading centre, Hong Kong is an effective springboard for Mainland companies to go global and for overseas companies to tap the resources as well as markets in the Belt and Road countries as well as Mainland cities in the Bay Area.

Invest Hong Kong ("InvestHK") will actively attract Mainland companies to set up or expand their operations in Hong Kong, in particular, to make use of Hong Kong's one-stop and internationally-recognised professional services, including accounting, legal, surveying, certification, etc., to gear up their projects, while enjoying the high standards of our

high-end professional services to reduce risks. Similarly, overseas companies can take advantage of Hong Kong's professional services in making investment in Hong Kong and the Mainland.

InvestHK 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, InvestHK assisted 13 companies from Taiwan to set up or expand their businesses in Hong Kong.

In 2018-19, InvestHK, with the support of its IPU based in the Hong Kong Economic, Trade and Cultural Office in Taiwan, will maintain its partnership with the Taiwan business community and conduct investment promotion events in various Taiwan cities to encourage them to set up business in Hong Kong as well as to seize the business opportunities arisen from the Belt and Road Initiative and Bay Area development. It will also 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.

- End -

CONTROLLING OFFICER'S REPLY

(Question Serial No. 3574)

Head: (79) Invest Hong Kong

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

Programme: Investment Promotion

Controlling Officer: Director-General of Investment Promotion (Stephen PHILLIPS)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Regarding the efforts 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”,

1. has Invest Hong Kong conducted studies on start-ups regularly, for example, stocktaking the number of start-ups that have set up their business in Hong Kong and the total number of start-ups every year? If yes, what were the respective numbers of start-ups and newly established start-ups in Hong Kong in each of the past 3 years? Please provide a breakdown by sector;
2. further to the above questions, what were the corresponding figures for local start-ups and non-local start-ups? Please provide a breakdown by place of origin; and
3. what will be done by Invest Hong Kong to attract start-ups to Hong Kong in the coming year?

Asked by: Hon WU Chi-wai (Member Question No. (LegCo use): 122)

Reply:

- (1) To track the growth of the start-up ecosystem, Invest Hong Kong (“InvestHK”) has been conducting an annual survey since 2014 with major operators of co-work spaces, incubators and accelerators in Hong Kong. InvestHK has no information on start-ups other than those operating in the premises of these operators. The number of start-ups recorded and the major sectors involved in past three years are as follows:

No. of start-ups

Year	No. of start-ups
2015	1 558
2016	1 926
2017	2 229

Breakdown by major sectors (based on the top 3 major sectors in 2016 survey)

	2015	2016
	No. of start-ups (percentage of total)	
Information, Computer & Technology	273 (17.5%)	401 (20.8%)
E-commerce, Supply Chain Management and Logistics Technology	142 (9.1%)	249 (12.9%)
Professional or Consultancy Services	137 (8.8%)	180 (9.3%)

Note:

1. Some start-ups were engaged in more than one sector.
 2. As some operators had not provided relevant breakdown by sectors, the survey results in 2017 therefore did not include information on sector distribution.
- (2) Since respondents of the annual survey are only required to provide the number of start-ups under their programme or operating on their premises, the major sectors involved and total number of staff employed, the survey results therefore do not include information on the numbers of local and non-local start-ups, and their respective places of origin.
- (3) In 2018-19, InvestHK will continue to organise the inaugural StartmeupHK Festival as its main platform to attract overseas investors and start-up ecosystem stakeholders to Hong Kong, to inspire them by what is happening in the region and provide networking opportunities for them to collaborate with local counterparts.

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 the Economic and Trade Offices and organisations such as Cyberport, the Hong Kong Science and Technology Parks Corporation to promote Hong Kong as a major start-up hub. InvestHK also plans to stage/sponsor start-up events in Lisbon, Amsterdam, Helsinki, San Francisco, Singapore and Mainland China to reach out to potential entrepreneurs.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)276

(Question Serial No. 3631)

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 recent years, many members of the public found that during each cold spell, there was a difference of 2 degrees or more between the temperature forecast made for days ahead and the actual temperature recorded several days later by the Hong Kong Observatory (HKO), rendering the public difficult to grasp the actual situation. Will the Government inform this Committee of the number of times in each of the past 3 years that the minimum temperature forecast made for 3 days ahead and the actual temperature recorded 3 days later had a difference of over 3 degrees? Does the Government have any means to enhance the accuracy of temperature forecast so that the public can make early preparations for cold spells?

Asked by: Hon CHAN Chi-chuen (Member Question No. (LegCo use): 70)

Reply:

In 2015, 2016 and 2017, the minimum temperature forecast made by the Hong Kong Observatory (HKO) three days ahead differed from the actual minimum temperature recorded by over three degrees on 5, 8 and 5 occasions respectively, representing only less than 2% of all forecasts issued by HKO in the past three years. To enable early preparation for temperature changes by members of the public, HKO launched a trial version of “extended outlook” forecast service in 2017 to provide probability forecast of daily minimum and maximum temperatures in Hong Kong for the next 14 days. HKO will keep abreast of latest developments, and make continuous efforts to enhance its forecasting techniques and exchange experience with meteorological organisations around the world on weather monitoring, forecasts and warnings.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)277

(Question Serial No. 3664)

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. (LegCo use): 156)

Reply:

The Hong Kong Observatory received a total of 89 reports of Unidentified Flying Object (UFO) from members of the public from 2013 to 2017. The number of reports each year by districts are shown in Annex A, and those by time slots are shown in Annex B. Sai Kung is the district with the highest number of UFO sightings, 8. The time slot from 6:00 p.m. to 7:59 p.m. has the highest number of UFO sightings, 21.

Number of sightings of Unidentified Flying Object (UFO) by members of the public
from 2013 to 2017 by districts

District	Calendar Year					Sub-total of each district in 2013-2017
	2013	2014	2015	2016	2017	
Hong Kong Island – Eastern	1	2	1	1	-	5
Hong Kong Island – Wan Chai	1	3	-	1	1	6
Hong Kong Island – Central and Western	-	-	2	1	-	3
Hong Kong Island –Southern	1	1	-	1	1	4
Kowloon East – Kwun Tong	1	-	-	-	-	1
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	-	1	3
New Territories East – Sai Kung	3	-	-	3	2	8
New Territories East – Sha Tin	3	2	1	-	-	6
New Territories East – Tai Po	3	-	-	-	1	4
New Territories East – North	-	1	-	1	2	4
New Territories West – Kwai Tsing	1	1	3	-	1	6
New Territories West – Tsuen Wan	1	2	-	-	3	6
New Territories West – Tuen Mun	-	2	-	1	-	3
New Territories West – Yuen Long	2	1	1	1	1	6
New Territories West – Islands	1	1	-	3	-	5
Others (District not mentioned in reports)	4	4	-	4	1	13
Sub-total of all districts each year	25	21	10	19	14	-
Total	89					

Number of sightings of Unidentified Flying Object (UFO) by members of the public
from 2013 to 2017 by time of the day

Time Slot	Calendar Year					Sub-total of each time slot in 2013-2017
	2013	2014	2015	2016	2017	
00:00 - 01:59	1	2	1	-	-	4
02:00 - 03:59	1	-	-	2	-	3
04:00 - 05:59	-	-	-	-	-	-
06:00 - 07:59	-	1	1	-	1	3
08:00 - 09:59	-	1	1	-	2	4
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	2	10
18:00 - 19:59	6	1	1	8	5	21
20:00 - 21:59	1	2	3	1	-	7
22:00 - 23:59	5	3	-	-	1	9
Others (Time not mentioned in reports)	6	5	-	4	3	18
Sub-total of all time slots each year	25	21	10	19	14	-
Total	89					

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)278****(Question Serial No. 3757)**Head: (168) Hong Kong ObservatorySubhead (No. & title): (-) -Programme: (3) Time Standard and Geophysical ServicesControlling Officer: Director of the Hong Kong Observatory (SHUN Chi-ming)Director of Bureau: Secretary for Commerce and Economic DevelopmentQuestion:

1. How many earthquakes were recorded locally by the Hong Kong Observatory (HKO) in each of the past 5 years? Please set out the information in a table by 18 districts. Which district in Hong Kong has the largest number of such records? What are the date, time, location and magnitude of the earthquake recorded with the highest magnitude?

2. How many locally felt earth tremors were reported to the HKO by the public in each of the past 5 years? Please set out the information in a table. Which district has the largest number of reports?

Asked by: Hon CHAN Chi-chuen (Member Question No. (LegCo use): 255)Reply:

1. In the past five years (2013-2017), one earthquake with the epicentre located within Hong Kong was recorded by the Hong Kong Observatory (HKO). Details are provided below:

Origin time of earthquake (Hong Kong Time)		Epicentre location	Epicentre in latitude and longitude	Earthquake magnitude	Earthquake intensity
Date	Time				
27 January 2014	12:47	Near the boundary between Tuen Mun and Tsuen Wan Districts	22.38 N 114.05 E	1.8	II ¹

¹ The earthquake had an intensity of II on the Modified Mercalli Intensity Scale, indicated by minor shaking felt by persons at rest and on upper floors of buildings or favourably placed.

2. In the past five years (2013-2017), HKO received reports on nine earth tremors felt in Hong Kong as set out below. Since public reports for locally felt tremors often come from different districts in Hong Kong, it is difficult to provide a breakdown of the reports by districts.

Origin time of earthquake (Hong Kong Time)			Epicentre location	Earthquake magnitude	Earthquake intensity	Number of reports from the public on locally felt earth tremor
Year	Date	Time				
2013	22 February	11:34	Heyuan, Guangdong	4.8	III	More than 5 000
	27 March	10:03	Central Taiwan	6.4	III	More than 60
	2 June	13:43	Central Taiwan	6.5	III	More than 70
2014	27 January	12:47	Near the boundary between Tuen Mun and Tsuen Wan Districts	1.8	II	More than 50
	25 April	16:07	Heyuan, Guangdong	3.8	II	More than 240
	11 July	13:43	Heyuan, Guangdong	4.2	III	More than 40
2015	24 September	22:57	Lufeng, Guangdong	3.8	IV	More than 70
2016	6 February	03:57	Southern Taiwan	6.5	IV	More than 100
	31 July	17:18	Wuzhou, Guangxi	5.4	III	More than 500
2017	No reports were received					

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)279

(Question Serial No. 5620)

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 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 2018-19.

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 2018-19.

Please state the details of the Observatory's enhancement of media weather services and the estimated expenditure involved in 2018-19.

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 2018-19.

Asked by: Hon CHAN Tanya (Member Question No. (LegCo use): 151)

Reply:

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 2018-19, 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.

HKO launched official Facebook page and Instagram platform on 23 March 2018 to enhance the provision of weather services and public communication via social media. Through text, photos and videos, the Facebook page will enhance public awareness of weather and climate and promote understanding of various geophysical phenomena and HKO's services. The Instagram platform will focus on the sharing of photos and videos, especially weather and atmospheric optical phenomena of interest to the public, meteorological instrument and other relevant information. Furthermore, 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 in 2018-19.

In 2018-19, 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 rainstorms to further enhance disaster prevention awareness of the public.

The total number of downloads of "MyObservatory" mobile app from its launch to end-February 2018 is about 7.05 million. HKO would update the mobile app regularly.

The provision of weather services (including the related public education) through the various channels above is part of HKO's day-to-day work. As the expenditure required have been subsumed under the regular provision for HKO, it is difficult to quantify the amounts separately.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)280

(Question Serial No. 5622)

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 list the number of talks on climate change expected to be organised by the Hong Kong Observatory and the estimated expenditure involved in 2018-19.

Asked by: Hon CHAN Tanya (Member Question No. (LegCo use): 153)

Reply:

In 2018-19, the Hong Kong Observatory (HKO) plans to organise around 50 talks on climate change. These activities are part of HKO's day-to-day work. As the expenditure required has been subsumed under the regular provision for HKO, it is difficult to quantify the amount separately.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)281****(Question Serial No. 0760)**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 3 years (2015-16 to 2017-18), 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. (LegCo use): 3)Reply:

The number of Cold Weather Warnings issued by the Hong Kong Observatory in the past three years (2015-16 to 2017-18) is as follows:

	No. of Cold Weather Warnings Issued	No. of times involving reported loss of crops or death of fish [#]
2015 – 2016	8	Crops: 1; Fish: 5
2016 – 2017	4	Crops: 0; Fish: 0
2017 – 2018 (up to end of February)	4	Crops: 0; Fish: 3

[#] Figures provided by the Agriculture, Fisheries and Conservation Department.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)282

(Question Serial No. 4160)

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 the provision of sign language interpretation services in the past 5 years, will the Government inform this Committee of the following:

1. whether sign language interpretation services have been provided; if so, the frequency, occasions and causes for providing sign language interpretation services in each year;
2. further to the above question, the number of sign language interpreters involved in each year, their pay and the organisations to which they belong; the total expenditure involved in each year; and
3. whether consideration will be given to allocating more resources to improve the services for communicating with the deaf and/or persons with hearing impairment in future. If yes, what are the details (including measures, manpower and expenditure involved and timetable, etc.)? If no, what are the reasons?

Asked by: Hon LEUNG Yiu-chung (Member Question No. (LegCo use): 98)

Reply:

The Hong Kong Observatory (HKO) will, having regard to service need, arrange sign language interpretation or other appropriate services for the deaf and other persons with hearing impairment through related service providers. These services, if required, would not be directly provided by HKO staff, hence there are no related manpower and staff expenditure under Head 168. In the past five years, there were no occasions requiring HKO to arrange sign language interpretation services.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)283

(Question Serial No. 5473)

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 organise in 2018-19 to raise public awareness of the mitigation, adaptation and resilience actions required in addressing the effects of climate change? And how frequent will these activities be organised? Will the public education activities be roving events in the 18 districts in Hong Kong?

Asked by: Hon QUAT Elizabeth (Member Question No. (LegCo use): 62)

Reply:

In 2018-19, the Hong Kong Observatory (HKO) plans to organise around 50 talks on climate change in schools in various districts, with topics covering the scientific basis of and mitigation, adaptation and resilience measures for combating climate change. Besides, HKO will provide information on climate change for a themed exhibition at the Jockey Club Museum of Climate Change from March to June 2018 and the Eco Expo Asia in October 2018.

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)284****(Question Serial No. 0593)**

Head: (181) Trade and Industry Department

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

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:

Programme (3) Support for Small and Medium Enterprises and Industries mentioned that 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). In this regard, would the Government please advise the Committee:

- (1) How were these funding schemes implemented over the past year?
- (2) How many SMEs benefited?
- (3) What is the estimated expenditure for 2018-19?

Asked by: Hon CHAN Chun-ying (Member Question No. (LegCo use): 17)

Reply:

The implementation progress of the SME Loan Guarantee Scheme (SGS), the SME Export Marketing Fund (EMF) and the SME Development Fund (SDF) in 2017 was as follows:

	Number of applications approved	Number of SME beneficiaries	Amount of guarantees/grants approved by the Government (\$ million)
SGS	744	709	1,034.7
EMF	8 532	5 444	135.4
SDF	13	Not applicable ^{Note 1}	23.4

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 details of individual projects, and is difficult to estimate accurately.

In 2018-19, the Trade and Industry Department will continue to assist enterprises in obtaining finance, exploring markets and enhancing their overall competitiveness through the above schemes. With regard to the EMF and the SDF, the estimated expenditure of 2018-19 is \$168 million. For the SGS, the Government provides loan guarantee to SMEs under the scheme to help them secure loans from the participating lending institutions. The guarantee approved by the Government is not a grant, and is thus not an expenditure. We estimate that the amount of guarantee approved by the Scheme in 2018-19 will be about \$1 billion.

The 2018-19 Budget proposes to inject \$1 billion into the SME Export Marketing and Development Funds and introduce enhancement measures to strengthen the support for SMEs. We propose to increase the cumulative funding ceiling under the EMF for individual SMEs from \$200,000 currently to \$400,000, increase the maximum grant for each application from \$50,000 to \$100,000 and remove the existing condition on the use of the last \$50,000 of grants to fully support SMEs in exploring new markets and new business opportunities. We conducted a briefing on 5 March 2018 to brief the trade, including members of Trade and Industry Advisory Board, Small and Medium Enterprises Committee, representatives of local major trade and industrial organisations, SME associations, professional bodies and trade associations, on the proposed enhancement measures. The trade supported our proposals in general. We have consulted the Legislative Council Panel on Commerce and Industry on the proposals and will seek funding approval of the Finance Committee.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)285

(Question Serial No. 1844)

Head: (181) Trade and Industry Department
Subhead (No. & title): (000) Operational expenses
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 work of the SME Development Fund (SDF) of the Trade and Industry Department, would the Government please advise on the following:

- (a) number of proprietary Chinese medicine manufacturers benefited from the SDF, details of the funded projects, effectiveness and funding amount, as well as expenditure involved, in the past 3 years;
- (b) whether the maximum grant of each approved project will be increased in 2018-19 and the expenditure involved.

Asked by: Hon CHAN Han-pan (Member Question No. (LegCo use): 51)

Reply:

The SME Development Fund (SDF) provides financial support to non-profit-distributing organisations (such as trade and industrial organisations, professional bodies or research institutes, etc.) to carry out projects which help enhance the competitiveness of SMEs in general or in specific sectors in Hong Kong.

In the past 3 years (2015-2017), a total of 3 applications from the proprietary Chinese medicine sector involving a total grant of about \$4.2 million were approved under the SDF to help the industry to acquire more knowledge on product testing, secondary packaging and good distribution practice, as well as exploring the ASEAN markets. As the SDF does not provide direct funding support to enterprises but to the industry as a whole, it is difficult to calculate accurately the number of enterprises or proprietary Chinese medicine manufacturers benefited from the fund.

The maximum grant of an approved project under the SDF was increased from \$2 million to \$5 million in 2015. Since then, the average grant of each approved project was \$1.91 million. We consider that the current grant level can fulfill the needs of the applicant organisations.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)286****(Question Serial No. 0726)**Head: (181) Trade and Industry DepartmentSubhead (No. & title): (-) -Programme: (2) Trade Support and FacilitationControlling Officer: Director-General of Trade and Industry (Salina YAN)Director of Bureau: Secretary for Commerce and Economic DevelopmentQuestion:

Information on strategic commodities licences

For the purpose of (2) Trade Support and Facilitation, would the Government please advise the Committee:

1) by tabulating the information on strategic commodities licences issued in the past financial year, including (i) number of licences issued for various controlled goods; (ii) value involved; (iii) number of licences involving transshipment through Hong Kong; and (iv) value involved in the transshipment cases?

	Number of licences issued	Value involved	Number of licences involving transshipment through Hong Kong	Value involved in the transshipment cases
Munitions				
Nuclear materials, facilities and equipment				
Special materials and related equipment				
Materials processing				

Electronics				
Computers				
Telecommunications				
Information security				
Sensors and lasers				
Navigations and avionics				
Marine				
Aerospace and propulsion				
Total				

2) by tabulating the number and value involved among the strategic commodities licences issued in the past financial year with shipment to (i) the Mainland; (ii) the US; (iii) Singapore; (iv) Taiwan and (v) other countries or regions?

	Number/ value of licences with shipment to the Mainland	Number/ value of licences with shipment to the US	Number/ value of licences with shipment to Singapore	Number/ value of licences with shipment to Taiwan	Number/ value of licences with shipment to other countries or regions
Munitions					
Nuclear materials, facilities and equipment					
Special materials and related equipment					
Materials processing					
Electronics					
Computers					
Telecommunications					
Information security					

Sensors and lasers					
Navigations and avionics					
Marine					
Aerospace and propulsion					
Total					

3) by tabulating the number and value involved among the licences for strategic commodities issued in the past financial year with imports from (i) the Mainland; (ii) the US; (iii) Singapore; (iv) Taiwan and (v) other countries or regions?

	Number/ value of licences of imports from the Mainland	Number/ value of licences of imports from the US	Number/ value of licences of imports from Singapore	Number/ value of licences of imports from Taiwan	Number/ value of licences of imports from other countries or regions
Munitions					
Nuclear materials, facilities and equipment					
Special materials and related equipment					
Materials processing					
Electronics					
Computers					
Telecommunications					
Information security					
Sensors and lasers					
Navigations and avionics					
Marine					
Aerospace and					

propulsion					
Total					

Asked by: Hon CHAN Tanya (Member Question No. (LegCo use): 18)

Reply:

Hong Kong implements a comprehensive and stringent strategic trade control system. Under the Import and Export (Strategic Commodities) Regulations, the import and export of strategic commodities into and from Hong Kong, including munitions and dual-use goods (such as certain chemicals, telecommunications and information security products), require licences issued by the Trade and Industry Department (TID). Each licence application must pass a technical assessment and a risk assessment before the licence is issued.

In the 2016-17 financial year, TID issued more than 380 000 strategic commodities licences (including about 80 000 import licences and 300 000 export licences). Over 98% of them were related to electronics, telecommunications and information security products, which are all common dual-use goods. Hong Kong being an international trade and logistics hub, most of the strategic commodities imported into or exported from Hong Kong are for re-export. The major suppliers / destinations of import / export of such commodities include the Mainland, the United States, Singapore and Taiwan etc. Since the licences involve information relating to import and export of strategic commodities of individual countries / places, TID is unable to disclose the relevant statistics.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)287

(Question Serial No. 2512)

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:

The President of the United States (US) announced that the US would implement trade protection measures by imposing additional tariffs on certain products imported into the US. In this regard, has the Hong Kong Special Administrative Region Government (HKSARG) assessed the possible impact on exports, imports or re-exports of Hong Kong goods? Does the HKSARG plan any actions with respect to the measures at this stage?

Asked by: Hon CHEUNG Kwok-kwan (Member Question No. (LegCo use): 11)

Reply:

Hong Kong is an externally-oriented economy and pursues a free trade policy. As a founding member of the World Trade Organization (WTO), we have always been a staunch supporter of the multilateral trading system and are against any restrictive trade measures that are inconsistent with WTO agreements.

In respect of the additional tariffs unilaterally imposed by the United States (US) on imported steel and aluminium, the US Department of Commerce released on 16 February 2018 the "Section 232 investigation"¹ reports relating to the threatening and impairment of US national security by imports of steel and aluminium. The reports recommended the US President consider unilaterally imposing quotas or additional tariffs on imported steel and aluminium² covered in the investigation. One of the recommendations is to subject aluminium products imported from five countries/economies (including Hong Kong) to import tariffs at 23.6%.

¹ It refers to Section 232 of the Trade Expansion Act which authorize the US Secretary of Commerce to conduct certain investigations.

² The coverage of the products in the investigations are set out below:

Steel: carbon and alloy flat products; carbon and alloy long products; carbon and alloy pipe and tube products; carbon and alloy semi-finished products; and stainless products.

Aluminium: unwrought aluminium; aluminium bars, rods and profiles; aluminium wire; aluminium plates, sheets, and strip; aluminium foil; aluminium tubes and pipes; aluminium tube and pipe fittings; aluminium castings and forgings.

We consider that such measures are unilateral, discriminatory and based on unfounded allegations. Since the release of the investigation reports, the Hong Kong Special Administrative Region (HKSAR) Government has been actively following up the matter through various channels. We discussed our response with representatives of the five major local chambers of commerce³, and got in touch with the American Chamber of Commerce in Hong Kong. We filed our formal representation to the US Administration to register our objection on 27 February 2018. On the same day, the five major chambers also issued a joint statement to support HKSAR Government's follow-up actions. The Permanent Representative of the HKSAR of China to the WTO registered our grave concern on the subject tariff measures at the WTO General Council Meeting held on 7 March 2018 and urged WTO Members to honour their WTO commitments.

Subsequently, the US President decided on 8 March 2018 to impose global tariffs of 25% and 10% respectively on steel and aluminium imports covered in the Section 232 investigation reports as from 23 March 2018.

In this connection, the Secretary for Commerce and Economic Development met with the Consul General of the US to Hong Kong and Macau on 15 March 2018 to convey to the US Administration our request for excluding Hong Kong from the US plan to raise tariff on imports of steel and aluminium. We also requested the US Administration to engage us in full dialogue prior to taking any unilateral action. Our Economic and Trade Office in Washington DC has taken complementary follow-up actions in reiterating Hong Kong's standpoints and concerns to relevant local authorities.

At the WTO Informal Ministerial Gathering held on 20 March 2018 in New Delhi, India, the Director-General of Trade and Industry reiterated that WTO Members should act within the WTO framework, and pointed out that unilateral moves could undermine WTO's rules and commitments that seek to uphold the fundamental principles of non-discrimination, transparency and predictability, and bring about systemic risks to the multilateral system. Protectionist measures will also impede global economic growth. At the WTO Council for Trade in Goods meeting held on 23 March 2018, representative of the Economic and Trade Office in Geneva reiterated our concerns and stated clearly our position on the subject tariff measures. We will continue to follow up on the matter at WTO meetings and with the US Administration. We also reserve our rights to pursue all necessary actions under the WTO.

The Trade and Industry Department (TID) has been keeping in touch with the trade, and will provide advice and assistance to manufacturers who intend to make representation to the US Department of Commerce to exclude their products from the tariffs unilaterally imposed by the US.

According to the information of the Census and Statistics Department, Hong Kong has no domestic exports of the covered steel products to the US. The values of Hong Kong's re-exports of the covered steel products to the US in 2016 and 2017 were US\$1.35 million

³ The Federation of Hong Kong Industries; The Chinese Manufacturers' Association of Hong Kong; The Chinese General Chamber of Commerce; The Hong Kong General Chamber of Commerce; and The Hong Kong Chinese Importers' and Exporters' Association.

and US\$1.76 million respectively (both constituting 0.2% of Hong Kong's total exports of the covered steel products in the respective years). As for aluminium products, Hong Kong's total exports (including domestic exports and re-exports) to the US in 2016 and 2017 were US\$42.92 million and US\$38.72 million respectively (constituting 9.0% and 8.7% of Hong Kong's total exports of the covered aluminium products in the respective years). Since the US tariffs on steel and aluminium target imports from all over the world to the US, it has no direct impact on Hong Kong's imports of steel and aluminium.

TID has all along been closely monitoring changes of the import regulations and policies of our major trading partners, promptly providing trade information to our local traders and manufacturers, and where necessary, responding to trade restrictive measures in order to safeguard Hong Kong's trade interest. Our overseas Economic and Trade Offices will continue to closely monitor changes in trade regulations of our trading partners and stay in close touch with the relevant local officials concerned on matters affecting our trade and economic interests.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)288

(Question Serial No. 0164)

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 year? Please advise on the expenditure involved by itemising in details. How will the relevant work be implemented in 2018-19 and what are the details? What are the specific measures? What is the estimated expenditure?

Asked by: Hon CHUNG Kwok-pan (Member Question No. (LegCo use): 14)

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) to participate in export promotion activities, while the SME Development Fund (SDF) provides financial support to non-profit-distributing organisations to carry out projects which help enhance the competitiveness of SMEs in general or in specific sectors in Hong Kong.

The implementation progress of the EMF and the SDF in 2017 was as follows:

	Number of applications approved	Number of SME beneficiaries	Amount of grant approved by the Government (\$ million)
EMF	8 532	5 444	135.4
SDF	13	Not applicable ^{Note 1}	23.4

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 details of individual projects, and is difficult to estimate accurately.

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 (Enterprise Support Programme (ESP)) and non-profit-distributing organisations (Organisation Support Programme (OSP)), so as to assist enterprises in enhancing their competitiveness and furthering their business and branding development in the Mainland. Up to the end of February 2018, 1 146 and 70 applications were approved under the ESP and the OSP of the BUD Fund respectively. The total amount of funding approved were \$408 million and \$224 million respectively.

The 2018-19 Budget proposes to inject \$1 billion into the SME Export Marketing and Development Funds and introduce enhancement measures to strengthen the support for SMEs. We propose to increase the cumulative funding ceiling under the EMF for individual SMEs from \$200,000 currently to \$400,000, increase the maximum grant for each application from \$50,000 to \$100,000 and remove the existing condition on the use of the last \$50,000 of grants to fully support SMEs in exploring new markets and new business opportunities.

The Budget also proposes to inject \$1.5 billion into the BUD Fund to increase the cumulative funding ceiling for individual enterprises under the ESP for undertaking projects in the Mainland from \$500,000 to \$1 million; and to extend the geographical scope of the ESP to include the ASEAN markets. The cumulative funding ceiling for individual enterprises undertaking projects in ASEAN markets will also be \$1 million.

We conducted a briefing on 5 March 2018 to brief the trade, including members of Trade and Industry Advisory Board, Small and Medium Enterprises Committee, representatives of local major trade and industrial organisations, SME associations, professional bodies and trade associations, on the proposed enhancement measures. The trade supported our proposals in general. We have consulted the Legislative Council Panel on Commerce and Industry on the proposals and will seek funding approval of the Finance Committee.

TID also co-organises 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 are invited to share their experience in establishing brands and market development strategies. We will continue our work in this aspect in 2018-19. The expenses involved will be covered by the recurrent expenditure of TID.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)289****(Question Serial No. 0170)**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:

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). 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 2018-19? What is the estimated expenditure?

2. In Analysis of Financial and Staffing Provision, the provision for 2018-19 under Programme (3) is \$2.6 million (0.5%) higher than the revised estimate for 2017-18. This is mainly due to increased cash flow requirements for funding schemes. 5 posts are newly created in 2018-19. What are the details?

Asked by: Hon CHUNG Kwok-pan (Member Question No. (LegCo use): 1)Reply:

The implementation progress of the SME Loan Guarantee Scheme (SGS), the SME Export Marketing Fund (EMF) and the SME Development Fund (SDF) in 2017 was as follows:

	Number of applications approved	Number of SME beneficiaries	Amount of guarantees/grants approved by the Government (\$ million)
SGS	744	709	1,034.7
EMF	8 532	5 444	135.4
SDF	13	Not applicable ^{Note 1}	23.4

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 details of individual projects, and is difficult to estimate accurately.

In 2018-19, the Trade and Industry Department will continue to assist enterprises in obtaining finance, exploring markets and enhancing their overall competitiveness through the above schemes. With regard to the EMF and the SDF, the estimated expenditure of 2018-19 is \$168 million. With regard to the SGS, the Government provides loan guarantee to SMEs under the scheme to help them secure loans from the participating lending institutions. The guarantee approved by the Government is not a grant, and is thus not an expenditure. We estimate that the amount of guarantee to be approved by the Scheme in 2018-19 will be about \$1 billion.

The 2018-19 Budget proposes to inject \$1 billion into the SME Export Marketing and Development Funds and introduce enhancement measures to strengthen the support for SMEs. We propose to increase the cumulative funding ceiling under EMF for individual SMEs from \$200,000 currently to \$400,000, increase the maximum grant for each application from \$50,000 to \$100,000 and remove the existing condition on the use of the last \$50,000 of grants to fully support SMEs in exploring new markets and new business opportunities. We conducted a briefing on 5 March 2018 to brief the trade, including members of Trade and Industry Advisory Board, Small and Medium Enterprises Committee, representatives of local major trade and industrial organisations, SME associations, professional bodies and trade associations, on the proposed enhancement measures. The trade supported our proposals in general. We have consulted the Legislative Council Panel on Commerce and Industry on the proposals and will seek funding approval of the Finance Committee.

The provision under Programme (3) is for meeting the expenditure of all funding schemes (including the various SME funding schemes mentioned above and the Dedicated Fund on Branding, Upgrading and Domestic Sales) of the Trade and Industry Department and the operational expenses relating to Programme (3). The annual estimated expenditure of the funds are calculated based on the estimated cash flow requirements for projects approved/projects expected to be approved for the year. Therefore, the funding earmarked each year will be different. With regard to posts, the Department will create 5 civil service posts (3 Assistant Trade Officers II and 2 Assistant Clerical Officers) in 2018-19 under Programme (3) to replace 5 existing non-civil service contract positions to assist in processing applications under the EMF and the SDF to meet the ongoing operational needs.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)290

(Question Serial No. 0178)

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 2018-19, the Trade and Industry Department will facilitate 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 and new initiatives that the Government will take to facilitate the trade in the coming year? What will be the expenditure involved?

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

Reply:

In 2017-18, the Trade and Industry Department (TID) maintained close liaison with the trade through various channels so as to understand the trade's concerns and views. At the same time, we maintained close liaison with the Mainland authorities at various levels (including 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, we conveyed to the relevant Guangdong authorities in late January this year the trade's concerns about the policies (including environmental policies) implemented in the Mainland which might have impact on the trade and the suggestions that the authorities could notify the HKSAR Government of the relevant policies as soon as possible for consulting the trade and allow the trade a longer transition period as far as practicable.

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 900 relevant circulars were issued in 2017-18. 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 a single platform.

TID has all along been participating actively in the work of the World Trade Organization (WTO), promoting trade liberalisation at multilateral level with a view to boosting global economic growth. The work includes attending the Eleventh WTO Ministerial Conference (MC11) held in Buenos Aires, Argentina in end 2017, and engaging in multilateral trade negotiations and other forums on issues highly relevant to the global economy (including electronic commerce, trade facilitation and Micro, as well as Small and Medium-sized Enterprises). Hong Kong, China was one of the three Vice-Chairs of MC11.

In face of the changing global economic environment, TID has been supporting the trade through various aspects of its work 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 negotiating Free Trade Agreements and Investment Promotion and Protection Agreements;
- (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 way to address them; and
- (iv) Closely monitoring the various trade-related investigations/measures launched by the new US administration and their potential impact on Hong Kong's trade and businesses, and timely informing the trade of the relevant information and developments. For example, the US recently released its "232 Investigation" Reports concerning threats and impairment to the US national security by imported steel and aluminium, and decided to impose tariffs on these products. Apart from promptly disseminating the information to the trade through commercial information circulars, we have also met with the trade to discuss HKSAR's response and filed a written representation to the US administration to state our opposition and defend Hong Kong's trade interests. We have also formally conveyed our request to the US administration to exclude Hong Kong from its plan to raise tariffs on aluminium and steel products and have started bilateral discussions on the issue. In addition, we have registered our grave concern with the WTO General Council, and will continue to follow up the matter at meetings of the WTO.

In 2018-19, 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. In view of the global economic transformation as well as the rise in protectionism, we will continue to participate actively in the ongoing negotiations and discussions in the WTO, staunchly support and promote trade liberalisation, and uphold the rule-based multilateral trading system. We will also continue

to strengthen liaison with the emerging markets, and encourage and support the trade to tap into these markets. We will keep the trade informed of the latest development of the international trade through regular communications and through our website.

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)291

(Question Serial No. 0179)

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 2018-19 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 2017-18. 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. (LegCo use): 10)

Reply:

In 2017-18, the Trade and Industry Department (TID) 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 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, we conveyed to the relevant Guangdong authorities in late January this year the trade's concerns about the policies (including environmental policies) implemented in the Mainland which might have impact on the trade and the suggestions that the authorities could notify the HKSAR Government of the relevant policies as soon as possible for consulting the trade and allow the trade a longer transition period as far as practicable.

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 900 relevant circulars were issued in 2017-18. 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 a single platform.

In 2018-19, 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 in 2017-18 and the estimated expenditure for the new financial year. It is difficult to quantify separately.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)292

(Question Serial No. 0182)

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 Financial Secretary mentioned in paragraph 110 of the chapter “Diversifying the Economy” of the Budget Speech that the Government would inject \$1.5 billion into the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund). Please advise on the injection details, such as whether the amount of grant will be increased and application restrictions will be relaxed. There are currently two programmes under the Fund, namely the Enterprise Support Programme (ESP) and the Organisation Support Programme (OSP). Please list out both the application and approval status since the Fund was launched in 2012. What sectors are mainly involved?

Asked by: Hon CHUNG Kwok-pan (Member Question No. (LegCo use): 13)

Reply:

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 (Enterprise Support Programme (ESP)) and non-profit-distributing organisations (Organisation Support Programme (OSP)), so as to assist enterprises in enhancing their competitiveness and furthering their business development in the Mainland.

Up to the end of February 2018, the ESP and OSP of the BUD Fund have processed 2 018 and 159 applications (excluding all withdrawn applications) respectively. Among which, 1 146 and 70 applications were approved under the ESP and OSP respectively and the total amount of funding approved were \$408 million and \$224 million respectively.

The approved applications under the ESP covered more than 30 sectors, including wholesale and retail, import and export trade, textile and clothing, electronics and information technology, etc.

The approved applications under the OSP involved 56 projects covering more than 20 sectors, including information technology, food and beverage, electronics, printing and publishing, and toys etc. There were 14 cross-sector projects as well.

The 2018-19 Budget proposes injecting \$1.5 billion into the BUD Fund for increasing the cumulative funding ceiling under the ESP for individual enterprises undertaking projects in the Mainland from \$500,000 to \$1 million; and to extend the geographical scope of the ESP to include the ASEAN markets. The cumulative funding ceiling for individual enterprises undertaking projects in ASEAN markets will also be \$1 million.

We conducted a briefing on 5 March 2018 to brief the trade, including members of Trade and Industry Advisory Board, Small and Medium Enterprises Committee, representatives of local major trade and industrial organisations, SME associations, professional bodies and trade associations, on the proposed enhancement measures. The trade supported our proposals in general. We have consulted the Legislative Council Panel on Commerce and Industry on the proposals and will seek funding approval of the Finance Committee.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)293****(Question Serial No. 0614)**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:

The Financial Secretary mentioned in paragraph 110 of page 28 of the Budget Speech that the Government will increase the cumulative funding ceiling for enterprises under the SME Export Marketing Fund from \$200,000 to \$400,000, and remove the existing condition on the use of the last \$50,000 of grants. Please advise the Committee the application and approval progress of the funding scheme in the past 3 years. Which sectors benefited? What were the respective reasons for rejecting the applications? Please tabulate the information. What are the details of the new funding? What is the estimated number of SME beneficiaries? What is the estimated funding amount?

Asked by: Hon CHUNG Kwok-pan (Member Question No. (LegCo use): 61)Reply:

The applications and approvals of the SME Export Marketing Fund (EMF) in the past 3 years were as follows:

Year	Number of applications received	Number of applications vetted *	Number of applications approved	Amount of grants approved
2015	14 425	15 390	12 184	\$200 million
2016	11 387	12 354	9 614	\$160 million
2017	10 895	10 804	8 532	\$140 million

* Including applications received in the previous year and vetted in the same year

The EMF benefited many industries. For the manufacturing industry, the major beneficiary sectors included electronics, textile and clothing, and jewellery. For the non-manufacturing industry, the major beneficiary sectors included import and export trade, wholesale and retail, and information technology.

The main reasons for rejection included activities participated by applicant enterprises did not relate to the funding scope, export promotion activities did not meet the condition on the use of the last \$50,000 of grants, and failure to provide sufficient information and supporting documents for vetting.

The 2018-19 Budget proposes to inject \$1 billion into the SME Export Marketing and Development Funds and introduce enhancement measures to strengthen the support for SMEs. We propose to increase the cumulative funding ceiling under the EMF for individual SMEs from \$200,000 currently to \$400,000, increase the maximum grant for each application from \$50,000 to \$100,000 and remove the existing condition on the use of the last \$50,000 of grants to fully support SMEs in exploring new markets and new business opportunities. We conducted a briefing on 5 March 2018 to brief the trade, including members of Trade and Industry Advisory Board, Small and Medium Enterprises Committee, representatives of local major trade and industrial organisations, SME associations, professional bodies and trade associations, on the proposed enhancement measures. The trade supported our proposals in general. We have consulted the Legislative Council Panel on Commerce and Industry on the proposals and will seek funding approval of the Finance Committee.

All SMEs eligible for the EMF can benefit from the above enhancement measures. As at the end of February 2018, more than 46 900 SMEs had benefited from the EMF. After the enhancement, we expect that the number of applications for the EMF and the average amount of grants for each application will increase. However, the actual situation may be affected by various factors and it is difficult to assess accurately at present.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)294

(Question Serial No. 0621)

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? What are the new work plans for facilitating the development of Hong Kong's industries in 2018-19? 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 no, what are the reasons?

Asked by: Hon CHUNG Kwok-pan (Member Question No. (LegCo use): 35)

Reply:

In 2017-18, the Trade and Industry Department (TID) liaised closely with the trade and business associations, and provided timely 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 makes use of different channels to provide enterprises including manufacturers with the latest market information and advisory services, and administers 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 and sectors.

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 make use of TID's support to obtain finance and enhance their overall competitiveness etc.

Amongst the measures, the SGS provides loan guarantee to SMEs (including manufacturers interested in relocating their operations back to Hong Kong) to help them secure loans from the participating lending institutions for acquiring business installations and equipment or for general working capital. The maximum amount of guarantee for each SME is \$6 million. Based on the maximum guarantee ratio at 50%, the corresponding loan amount is \$12 million. The guarantee period for each loan is up to a maximum of 5 years. If an enterprise has fully repaid the loan(s) backed up by the guarantee under the Scheme, the enterprise may use the respective guarantee amount one more time to obtain new loan(s), subject to a maximum guarantee amount of \$6 million. Since the launch of the SGS in 2001 and up to the end of 2017, a total of 30 870 applications have been approved involving a guarantee amount of about \$24.8 billion, benefiting 16 431 SMEs.

The 2018-19 Budget proposes to inject \$1 billion into the SME Export Marketing and Development Funds and introduce enhancement measures to strengthen the support for SMEs. We propose to increase the cumulative funding ceiling under the EMF for individual SMEs from \$200,000 currently to \$400,000, increase the maximum grant for each application from \$50,000 to \$100,000 and remove the existing condition on the use of the last \$50,000 of grants to fully support SMEs in exploring new markets and new business opportunities.

The Budget also proposes to inject \$1.5 billion into the BUD Fund to increase the cumulative funding ceiling for individual enterprises under the Enterprise Support Programme (ESP) for undertaking projects in the Mainland from \$500,000 to \$1 million; and to extend the geographical scope of the ESP to include the ASEAN markets. The cumulative funding ceiling for individual enterprises undertaking projects in ASEAN markets will also be \$1 million.

We conducted a briefing on 5 March 2018 to brief the trade, including members of Trade and Industry Advisory Board, Small and Medium Enterprises Committee, representatives of local major trade and industrial organisations, SME associations, professional bodies and trade associations, on the proposed enhancement measures. The trade supported our proposals in general. We have consulted the Legislative Council Panel on Commerce and Industry on the proposals and will seek funding approval of the Finance Committee.

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)295

(Question Serial No. 2866)

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) 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;

(b) the number of brands or enterprises supported over the past 3 years under the SME Loan Guarantee Scheme, the SME Export Marketing Fund and the SME Development Fund implemented by the Trade and Industry Department; and their respective industries (please tabulate by years and industries); and

(c) what measures the Government will take in 2018-19 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. (LegCo use): 31)

Reply:

The Government's policy on support for industry is to create a business-friendly environment for the trade and provide them with timely support so that our trade can flourish. In 2017-18, the Trade and Industry Department (TID) liaised closely with the trade and business associations, and provided timely 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 Trade and Industry Advisory Board and Small and Medium Enterprises Committee, etc.

TID makes use of different channels to provide enterprises including manufacturers with the latest market information and advisory services, and administers 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 and sectors.

In the past 3 years, the number of SME beneficiaries and major beneficiary sectors of the SGS, EMF and SDF were as follows:

Number of SME beneficiaries

	2015	2016	2017
SGS	861	701	709
EMF	7 734	6 224	5 444
SDF	Not applicable ^{Note1}		

^{Note1:} 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.

Major beneficiary sectors (listed according to the number of applications approved)

	2015	2016	2017
SGS	1. Import and Export Trade 2. Wholesale and Retail 3. Construction	1. Import and Export Trade 2. Wholesale and Retail 3. Engineering	1. Import and Export Trade 2. Wholesale and Retail 3. Engineering
EMF	1. Import and Export Trade 2. Wholesale and Retail 3. Textile and Clothing	1. Import and Export Trade 2. Wholesale and Retail 3. Electronics	1. Import and Export Trade 2. Wholesale and Retail 3. Textile and Clothing
SDF	1. Electronics 2. Wholesale and Retail 3. Printing and Publishing	1. Footwear 2. Textile and Clothing 3. SMEs in general	1. SMEs in general 2. Textile and Clothing 3. Chinese Medicine

The 2018-19 Budget proposes to inject \$1 billion into the SME Export Marketing and Development Funds and introduce enhancement measures to strengthen the support for SMEs. We propose to increase the cumulative funding ceiling under the EMF for individual SMEs from \$200,000 currently to \$400,000, increase the maximum grant for each application from \$50,000 to \$100,000 and remove the existing condition on the use of the last \$50,000 of grants to fully support SMEs in exploring new markets and new business opportunities.

The Budget also proposes to inject \$1.5 billion into the BUD Fund to increase the cumulative funding ceiling for individual enterprises under the Enterprise Support Programme (ESP) for undertaking projects in the Mainland from \$500,000 to \$1 million; and to extend the geographical scope of the ESP to include the ASEAN markets. The cumulative funding ceiling for individual enterprises undertaking projects in ASEAN markets will also be \$1 million.

We conducted a briefing on 5 March 2018 to brief the trade, including members of Trade and Industry Advisory Board, Small and Medium Enterprises Committee, representatives of local major trade and industrial organisations, SME associations, professional bodies and trade associations, on the proposed enhancement measures. The trade supported our proposals in general. We have consulted the Legislative Council Panel on Commerce and Industry on the proposals and will seek funding approval of the Finance Committee.

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)296

(Question Serial No. 2867)

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 have been supported over the past 3 years by the “Dedicated Fund on Branding, Upgrading and Domestic Sales” (BUD Fund) under such work (tabulate by industries of the brands); and to what major areas was the fund applied by the enterprises receiving support; and

(c) what measures will the Government take in 2018-19 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. (LegCo use): 32)

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) to participate in export promotion activities, while the SME Development Fund (SDF) provides financial support to non-profit-distributing organisations to carry out projects which help 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 (Organisation Support Programme (ESP)) and non-profit-distributing organisations (Organisation Support Programme (OSP)), so as to assist enterprises in enhancing their competitiveness and furthering their business and branding development in the Mainland. Up to the end of February 2018, 1 146 and 70 applications were approved under the ESP and the OSP of the BUD Fund respectively. The total amount of funding approved were \$408 million and \$224 million respectively.

The approved applications under the ESP covered more than 30 sectors, including wholesale and retail, import and export trade, textile and clothing, electronics and information technology, etc. Most projects involved domestic sales, followed by branding. The ESP funded the approved projects to carry out a variety of branding activities including participation in exhibitions, trademark design and registration, online promotion, creating/revamping websites and advertisement placement in media, etc. The list of approved applications under the ESP are regularly updated and uploaded to the website at <http://www.bud.hkpc.org>.

The approved applications under the OSP involved 56 projects covering more than 20 sectors, including information technology, food and beverage, electronics, printing and publishing, and toys etc. There were 14 cross-sector projects as well. Most projects involved domestic sales, followed by branding. The OSP funded the approved projects to carry out 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 list of approved applications under the OSP are regularly updated and uploaded to the website at <http://www.bud.tid.gov.hk>.

The 2018-19 Budget proposes injecting \$1.5 billion into the BUD Fund for increasing the cumulative funding ceiling under the ESP for individual enterprises undertaking projects in the Mainland from \$500,000 to \$1 million; and to extend the geographical scope of the ESP to include the ASEAN markets. The cumulative funding ceiling for individual enterprises undertaking projects in ASEAN markets will also be \$1 million.

We conducted a briefing on 5 March 2018 to brief the trade, including members of Trade and Industry Advisory Board, Small and Medium Enterprises Committee, representatives of local major trade and industrial organisations, SME associations, professional bodies and trade associations, on the proposed enhancement measures. The trade supported our proposals in general. We have consulted the Legislative Council Panel on Commerce and Industry on the proposals and will seek funding approval of the Finance Committee.

TID also co-organises 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 are invited to share their experience in establishing brands and market development strategies. We will continue our work in this aspect in 2018-19. The expenses involved will be covered by the recurrent expenditure of TID.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)297

(Question Serial No. 4170)

Head: (181) Trade and Industry Department

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

Programme: (-) -

Controlling Officer: Director-General of Trade and Industry (Salina YAN)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Regarding the provision of sign language interpretation services in the past 5 years, will the Government advise this Committee of the following:

1. Are sign language interpretation services available? If yes, what are the frequency, occasions and reasons for providing sign language interpretation services in each year;
2. Further to the above question, the number of sign language interpreters, remuneration involved in each year, and the organisations to which they belong; what is the total expenditure involved in each year; and
3. Will the department consider allocating more resources to enhance the services for communicating with the deaf and/or persons with hearing impairment in future? If yes, what are the details (including measures, manpower, expenditure involved and timetable, etc.)? If no, what are the reasons?

Asked by: Hon LEUNG Yiu-chung (Member Question No. (LegCo use): 109)

Reply:

The Trade and Industry Department has not received any request for the provision of sign language interpretation services in the past 5 years. Assistive listening systems are available at the Customer Service Centers of the department to cater for the needs of persons with hearing impairment. We will arrange sign language interpretation services through relevant service providers if the need arises.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)298

(Question Serial No. 0693)

Head: (181) Trade and Industry Department
Subhead (No. & title): (000) Operational expenses
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:

Under Programme (3), 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?

Asked by: Hon NG Wing-ka, Jimmy (Member Question No. (LegCo use): 102)

Reply:

According to the data from the Census and Statistics Department, there were 327 539 SMEs in Hong Kong as at September 2017, 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 2016 (320 790 SMEs). According to the Official Receiver's Office and the Companies Registry, 296 and 1 241 companies went into compulsory liquidation and voluntary liquidation respectively in 2017. We do not have statistics on the number of SMEs that have ceased operation nor those that have gone into liquidation.

SMEs are the backbone of Hong Kong's economy. TID has been providing comprehensive support to them, including funding schemes and provision of information to enhance their competitiveness and facilitate their long-term development. Amongst these 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.

TID also administers 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 and sectors.

Amongst the measures, the SGS provides a total of \$30 billion loan guarantee to SMEs to help them secure loans from the participating lending institutions for acquiring business installations and equipment or for general working capital. The maximum amount of guarantee for each SME is \$6 million. Based on the maximum guarantee ratio at 50%, the corresponding loan amount is \$12 million. The guarantee period for each loan is up to a maximum of 5 years. If an enterprise has fully repaid the loan(s) backed up by the guarantee under the Scheme, the enterprise may use the respective guarantee amount one more time to obtain new loan(s), subject to a maximum guarantee amount of \$6 million. Since the launch of the SGS in 2001 and up to the end of 2017, a total of 30 870 applications have been approved involving a guarantee amount of about \$24.8 billion, benefiting 16 431 SMEs.

The 2018-19 Budget proposes to inject \$1 billion into the SME Export Marketing and Development Funds and introduce enhancement measures to strengthen the support for SMEs. We propose to increase the cumulative funding ceiling under the EMF for individual SMEs from \$200,000 currently to \$400,000, increase the maximum grant for each application from \$50,000 to \$100,000 and remove the existing condition on the use of the last \$50,000 of grants to fully support SMEs in exploring new markets and new business opportunities.

The Budget also proposes to inject \$1.5 billion into the BUD Fund to increase the cumulative funding ceiling for individual enterprises under the Enterprise Support Programme (ESP) for undertaking projects in the Mainland from \$500,000 to \$1 million; and to extend the geographical scope of the ESP to include the ASEAN markets. The cumulative funding ceiling for individual enterprises undertaking projects in ASEAN markets will also be \$1 million.

We conducted a briefing on 5 March 2018 to brief the trade, including members of Trade and Industry Advisory Board, Small and Medium Enterprises Committee, representatives of local major trade and industrial organisations, SME associations, professional bodies and trade associations, on the proposed enhancement measures. The trade supported our proposals in general. We have consulted the Legislative Council Panel on Commerce and Industry on the proposals and will seek funding approval of the Finance Committee.

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)299****(Question Serial No. 0957)**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), will the Government please advise:

- 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 5 years?
- b) For the past 5 years, how much did the Trade and Industry Department (TID) spend on the promotion and effectiveness review of EMF? In 2018-19, what are the promotion plan and estimated expenditure breakdowns for EMF?
- c) Will the Government introduce the “revolving” approval system which allows enterprises that have used up the maximum amount of grant to be eligible to apply for the EMF again after a certain period of time? If yes, what are the details? If no, what are the reasons?

Asked by: Hon NG Wing-ka, Jimmy (Member Question No. (LegCo use): 79)Reply:

The number of applications received, the number of applications approved and the average amount of grants for applications approved under the SME Export Marketing Fund (EMF) in the past 5 years were as follows:

Year	Number of applications received	Number of applications approved	Average amount of grants for applications approved
2013	18 682	15 924	\$15,758
2014	17 672	13 384	\$16,202
2015	14 425	12 184	\$16,814
2016	11 387	9 614	\$16,479
2017	10 895	8 532	\$15,873

The Trade and Industry Department (TID) reviews from time to time the operation of the EMF and promotes the various funding schemes to enterprises by organising seminars and attending seminars organised by trade and industrial organisations. TID also promotes these schemes to the trade through different channels, such as TV and radio Announcements of Public Interest, exhibitions, leaflets, website, etc. In the coming year, we will continue to make use of various channels to promote the EMF to enterprises.

The expenditure of the above work has been subsumed under the overall estimated expenditure of TID. It is difficult to quantify separately.

The 2018-19 Budget proposes to inject \$1 billion into the SME Export Marketing and Development Funds and introduce enhancement measures to strengthen the support for SMEs. We propose to increase the cumulative funding ceiling under the EMF for individual SMEs from \$200,000 currently to \$400,000, increase the maximum grant for each application from \$50,000 to \$100,000 and remove the existing condition on the use of the last \$50,000 of grants to fully support SMEs in exploring new markets and new business opportunities. We conducted a briefing on 5 March 2018 to brief the trade, including members of Trade and Industry Advisory Board, Small and Medium Enterprises Committee, representatives of local major trade and industrial organisations, SME associations, professional bodies and trade associations, on the proposed enhancement measures. The trade supported our proposals in general. We have consulted the Legislative Council Panel on Commerce and Industry on the proposals and will seek funding approval of the Finance Committee.

We believe that the above enhancement measures would enable SMEs (including SMEs which have exhausted or will soon exhaust their current grant ceiling of \$200,000) to make use of the grants more flexibly for export promotion according to their needs. We therefore have no plan to introduce the “revolving” approval system at present.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)300

(Question Serial No. 0958)

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 SME Loan Guarantee Scheme (SGS):

- a) What are the respective number of applications received, number of SME beneficiaries, number and the average amount of defaults for the loans received, as well as the average amount of each guarantee approved for the past 5 years?
- b) For the past 5 years, how much did the Trade and Industry Department (TID) spend on the promotion and effectiveness review of the SGS? In 2018-19, what are the promotion plan and estimated expenditure breakdowns for the SGS?
- c) Will the Government make the SGS a recurrent arrangement? If yes, what are the details? If no, what are the reasons?

Asked by: Hon NG Wing-ka, Jimmy (Member Question No. (LegCo use): 80)

Reply:

Since the launch of the SME Loan Guarantee Scheme (SGS) in 2001 and up to the end of 2017, a total of 30 870 applications have been approved, involving a guarantee amount of about \$24.8 billion. The number of applications received, the average amount of guarantee for each application approved and the number of SME beneficiaries in the past 5 years are as follows:

	2013	2014	2015	2016	2017
Number of applications received	1 200	1 124	978	787	770
Average amount of guarantee for applications approved	\$1.23 million	\$1.10 million	\$1.33 million	\$1.31 million	\$1.39 million
Number of SME beneficiaries	1 061	982	861	701	709

Since the launch of the SGS in 2001 and up to the end of 2017, 1 412 net claims were received. The cumulative amount of net default claims was about \$596 million¹ and the default rate was about 2.28%². The number of claims lodged by the lending institutions under the SGS and the average amount of claims in the past 5 years are as follows:

	2013	2014	2015	2016	2017
Number of claims received	67	87	97	104	73
Average amount of claims for claims received	\$871,000	\$468,000	\$784,000	\$677,000	\$688,000

The SGS was launched in 2001 and is one of the on-going support measures for SMEs of the Trade and Industry Department (TID). TID reviews from time to time the operation of the SGS and promotes the various funds and schemes to enterprises by organising seminars and attending seminars organised by trade and industrial organisations. TID also promotes these schemes to the trade through different channels, such as TV and radio Announcements of Public Interest, exhibitions, leaflets, website, etc. TID also liaises with the participating lending institutions from time to time to publicise the SGS. In the coming year, we will continue to make use of various channels to promote the SGS to enterprises.

The expenditure of the above work has been subsumed under the overall estimated expenditure of TID. It is difficult to quantify separately.

¹ The cumulative amount of net default claims refers to the total amount of claims lodged by the participating lending institutions (PLIs) to TID since the scheme has been launched, excluding claims which were subsequently terminated by PLIs because the loans were fully repaid, as well as claims withdrawn by PLIs on their own initiative.

² Default rate is calculated by using the cumulative amount of net default claims minus the amount of proceeds recovered and returned to TID by PLIs after compensation payments have been made, and then divided by the total amount of guarantee approved.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)301

(Question Serial No. 0959)

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 promote 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 5 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? Will the Bureau simplify the application procedures for the fund to lessen the administrative burden of the industry in submitting application information and compiling progress reports, etc.? If yes, what are the details? If no, what are the reasons?

Asked by: Hon NG Wing-ka, Jimmy (Member Question No. (LegCo use): 81)

Reply:

The Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) was launched in June 2012. Up to the end of February 2018, the Enterprise Support Programme (ESP) and Organisation Support Programme (OSP) of the BUD Fund have processed 2 018 and 159 applications (excluding all withdrawn applications) respectively. Among which, 1 146 and 70 applications were approved under the ESP and OSP respectively. The total amount of funding approved were \$408 million and \$224 million respectively.

Up to the end of February 2018, 489 ESP and 46 OSP projects have been completed. According to the survey results as at end of December 2017, about 98% of the enterprises that have completed their ESP-funded projects considered the ESP effective in assisting their business development. Enterprises also generally considered that the projects had

helped enhance the awareness of their brand, improve product quality, develop new products, enlarge domestic sales network, enhance the overall competitiveness of enterprises, increase domestic sales, 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 the OSP, through implementing the projects, organisations can assist enterprises of the relevant sectors to enhance their competitiveness in the Mainland market through branding, upgrading and promoting domestic sales. The 70 projects approved as at the end of February 2018 involve various activities in 32 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. Many 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.

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 the 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 the 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; as well as simplifying the reporting requirements for funded enterprises. We have also recently reviewed the application requirements and vetting mechanism of the ESP with a view to providing SMEs, particularly start-ups, with more flexible and facilitating support. Proposed measures are as follows:

- Waiving the requirements on the number of years of substantive business operations in Hong Kong to provide greater facilitation to start-ups.
- Consolidating various application categories and application forms under the current ESP. Enterprises only need to fill in a unified form which will make application procedures easier and more user-friendly.
- Streamlining the requirements on enterprises’ procurement procedures by reducing the number of quotations required so as to reduce enterprises’ administration costs.
- Providing full funding for audited account required under the project, with a ceiling of \$10,000 per audit, so as to reduce enterprises’ cost in using the funding.
- Providing enterprises with greater flexibility and autonomy in the reallocation of grant amongst approved budget items.

The 2018-19 Budget also proposes to inject \$1.5 billion into the BUD Fund to increase the cumulative funding ceiling for individual enterprises under the ESP for undertaking projects in the Mainland from \$500,000 to \$1 million; and to extend the geographical scope of the ESP to include the ASEAN markets. The cumulative funding ceiling for individual enterprises undertaking projects in ASEAN markets will also be \$1 million.

We have consulted the Legislative Council Panel on Commerce and Industry on the proposals and will seek funding approval of the Finance Committee.

After implementing the enhancement, we expect that the number of applications for various fundings and the amount of grants will increase. We will continue to step up publicity so as to attract more enterprises and non-profit-distributing organisations to apply for the funds.

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

(Question Serial No. 5280)

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:

It is mentioned in paragraph 97 of the Budget Speech that the Government will be more proactive in strengthening and consolidating Hong Kong's edge as a trading and logistics hub. 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 are the estimated expenditure and staffing provision involved in the work plan of this area by TID in 2018-19 respectively?

Asked by: Hon NG Wing-ka, Jimmy (Member Question No. (LegCo use): 77)

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. Taking the Trade Facilitation Agreement (TFA) of the World Trade Organization as an example, even though Hong Kong has the right to implement the agreement by phases, we opted to implement all facilitation measures in full force since the effective date of the TFA. We have established an inter-departmental coordination mechanism to oversee the implementation of the TFA in Hong Kong, and made use of TID's website to disseminate relevant information and facilitate suggestion-making by stakeholders.

The manpower and expenditure of the above work have been subsumed under the overall establishment and provision of TID. It is difficult to quantify separately.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)303

(Question Serial No. 1377)

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 Budget proposes a number of enhancement measures for small and medium enterprises (SMEs), including injecting \$1.5 billion into the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) and injecting \$1 billion into the SME Export Marketing and Development Funds, with a view to benefitting more SMEs and boosting their competitiveness.

However, the indicators of the Trade and Industry Department (TID) for 2018, when compared to the actual figures for 2016 or 2017, are more or less the same as the previous and some are even lower. What are the reasons? Does the TID have any specific promotion plans to help more SMEs to be aware of these supporting measures? What are the details? What is the estimated expenditure?

Asked by: Hon YIU Si-wing (Member Question No. (LegCo use): 31)

Reply:

The 2018-19 Budget proposes to inject \$1 billion into the SME Export Marketing and Development Funds and introduce enhancement measures to strengthen the support for SMEs. We propose to increase the cumulative funding ceiling under the EMF for individual SMEs from \$200,000 currently to \$400,000, increase the maximum grant for each application from \$50,000 to \$100,000 and remove the existing condition on the use of the last \$50,000 of grants to fully support SMEs in exploring new markets and new business opportunities.

The Budget also proposes to inject \$1.5 billion into the BUD Fund to increase the cumulative funding ceiling for individual enterprises under the Enterprise Support Programme (ESP) for undertaking projects in the Mainland from \$500,000 to \$1 million; and to extend the geographical scope of the ESP to include the ASEAN markets. The cumulative funding ceiling for individual enterprises undertaking projects in ASEAN markets will also be \$1 million.

We conducted a briefing on 5 March 2018 to brief the trade, including members of Trade and Industry Advisory Board, Small and Medium Enterprises Committee, representatives of local major trade and industrial organisations, SME associations, professional bodies and trade associations, on the proposed enhancement measures. The trade supported our proposals in general. We have consulted the Legislative Council Panel on Commerce and Industry on the proposals and will seek funding approval of the Finance Committee.

As the above enhancement measures and proposed injection are subject to the approval of the Finance Committee, the 2018-19 estimates, including the 2018 indicators, only reflects the current status of various funds prior to the proposed enhancement measures and injection. In preparing the 2018 indicators, we estimated that the operation of various funds prior to the enhancement measures and injection would be similar to that of 2017. We therefore made reference to the actual figures of 2017 and set the 2018 indicators at a similar level. We expect that the number of applications and amount of approved grants for the various funds will increase after the enhancement measures are implemented.

TID promotes the various funding schemes to enterprises by organising seminars and attending seminars organised by trade and industrial organisations. TID also promotes these schemes to the trade through TV and radio Announcements of Public Interest, exhibitions, leaflets, website, etc. We will closely monitor the usage of various funds after the enhancement measures are implemented, and continue to promote the funds to the trade through various channels.

The expenditure of the above work has been subsumed under the overall estimated expenditure of TID. It is difficult to quantify separately.

- End -