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Replies to initial written questions raised by Legislative Council Members in examining the Estimates of Expenditure 2022-23

Director of Bureau : Secretary for Commerce and Economic Development

Session No. : 11

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CONTROLLING OFFICER'S REPLY

CEDB(CIT)001

(Question Serial No. 0558)

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) (Miss Eliza LEE)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Hong Kong's micro, small and medium enterprises ("MSMEs") have long been an important driving force for the local economy. They need appropriate policy support from the Government. In recent years, our country has also been actively promoting Hong Kong's integration into the overall national development. In this connection, please advise on the following:

- (1) whether additional resources and manpower were allocated to help Hong Kong's MSMEs explore the Greater Bay Area market in the past 3 years; if so, the details;
- (2) whether additional resources and manpower were allocated to promote Hong Kong's local brands and MSMEs to Mainland authorities at all levels in the past 3 years; if so, the details; and
- (3) about 2 years into the epidemic, apart from launching rounds of Anti-epidemic Fund, whether the Bureau has allocated additional resources and manpower to implement measures to help Hong Kong's MSMEs ride out operational difficulties, such as providing policy consultation services; if so, the details.

Asked by: Hon CHAN Man-ki, Maggie (LegCo internal reference no.: 3)

Reply:

The Government strives to support Hong Kong enterprises and encourage them to enhance their competitiveness and explore more diversified markets, leveraging in particular the business opportunities brought by the national dual circulation strategy and the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) development. As the Hong Kong economy is hard hit by the epidemic, the Government has been strengthening support to small and medium enterprises (SMEs). Relevant measures are as follows:

Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund)

- The BUD Fund aims at assisting enterprises in developing brands, upgrading and restructuring their operations and promoting sales for exploring markets outside Hong Kong. The Government has launched several rounds of enhancements to the BUD Fund, including injecting a total of \$3.5 billion since 2019, as well as gradually increasing the cumulative funding ceiling per enterprise to \$6 million and increasing the ratio of initial payment to up to 75% of the approved government funding. From January 2019 to December 2021, over 1 800 Mainland projects were approved under the BUD Fund, involving a total funding amount of over \$1.2 billion.

SME Export Marketing Fund (EMF)

- The EMF aims at providing funding support to local enterprises for participating in export promotion activities. In 2020, the Government injected \$1 billion and launched a number of enhancement measures, including increasing the cumulative funding ceiling per enterprise to \$800,000 and introducing the option of an initial payment of up to 75% of the approved government funding. Moreover, to support enterprises which are affected by the epidemic in conducting local market promotion, the funding scope of the EMF has been expanded since 30 April 2021 from originally only providing funding support for export promotion activities, to also covering large-scale exhibitions and online exhibitions targeting the local market as well as held by organisers with good track record, and allowing applications from non-listed enterprises other than SMEs, for a period of two years. From January 2019 to December 2021, over 36 000 applications were approved under the EMF, involving a total funding amount of over \$770 million.

Trade and Industrial Organisation Support Fund (TSF)

- The TSF aims at providing funding support to non-profit-distributing organisations such as trade and industrial organisations, professional bodies and research institutes for implementing projects, with a view to enhancing the competitiveness of Hong Kong enterprises in general or in specific sectors, including promoting Hong Kong brands in the Mainland market. From January 2019 to December 2021, 37 projects were approved under the TSF to assist the industries in conducting large-scale promotion activities in the Mainland, involving a total funding amount of over \$87 million.

SME Financing Guarantee Scheme (SFGS)

- To relieve the cash flow pressure of SMEs hard hit by the epidemic, the Government has since 2019 increased the financial commitment from \$100 billion to \$218 billion, so as to introduce the 90% Guarantee Product and the Special 100% Guarantee Product, and launched several rounds of enhancements to the Special 100% Guarantee Product, including extending the application period, the maximum repayment period and the principal moratorium, as well as raising the maximum loan amount per enterprise. From July 2017 to February 2022, over \$140 billion of loans were approved under the SFGS, benefitting close to 40 000 enterprises, involving over 470 000 employees.

- As the epidemic situation rapidly deteriorates in 2022, the Government announced in the 2022-23 Budget the extension of the SFGS application period to 30 June 2023 and enhancements to its Special 100% Guarantee Product, including increasing the maximum loan amount per enterprise from the total amount of employee wages and rents for 18 months to that for 27 months, increasing the ceiling from \$6 million to \$9 million, extending the maximum repayment period from 8 years to 10 years, and further increasing the financial commitment to \$280 billion. In addition, the principal moratorium will be extended from 24 months to 30 months, whilst offering enterprises the option of making partial repayment of principal over a longer period of time.

“Four-in-one” Integrated Services and SME ReachOut

- Since October 2019, the Government has consolidated the four SMEs centres (i.e. the Support and Consultation Centre for SMEs of Trade and Industry Department (TID), the SME Centre of Hong Kong Trade Development Council (HKTDC), SME One of Hong Kong Productivity Council and TecONE of Hong Kong Science and Technology Parks Corporation) to provide “four-in-one” integrated services, enabling enterprises to obtain information on all funding schemes at any centre. As at end February 2022, the four centres have handled close to 13 000 enquiries.
- SME ReachOut has commenced operation since January 2020 to help SMEs identify suitable funding schemes and answer questions relating to applications. Amidst the epidemic, SME ReachOut strengthens promotion of the funding schemes and provides information on relief measures under the Anti-epidemic Fund. As at end February 2022, SME ReachOut has organised around 30 physical or online seminars and arranged around 100 promotion activities, including visiting different chambers, business organisations and co-working spaces, and has also handled close to 11 000 enquiries.

Establishing Close Ties with the Mainland and Providing the Trade with Mainland Business Information

- The TID maintains close liaison with the trade through various channels so as to keep abreast of the trade’s concerns and views. It also maintains close liaison with the Mainland authorities, relays to them the trade’s views and discusses with them support measures for the trade. In addition, the TID disseminates business information to enhance the trade’s understanding of the Mainland’s latest trade policies, legislation and business environment. From January 2019 to December 2021, the TID issued in total over 2 000 circulars relating to the Mainland’s latest trade policies, covering the latest developments in different areas including regulations concerning the implementation of the Foreign Investment Law, support measures for SMEs, tax policy, labour and social welfare, etc.

Assisting Hong Kong Enterprises in Exploring the Domestic Mainland Market

- The Government has been actively encouraging Hong Kong enterprises to participate in large-scale promotion activities in the Mainland. Since 2018, the China International Import Expo (CIIE) held annually in Shanghai has been an important platform established by our nation for enterprises around the world to enter the Mainland market,

where Hong Kong enterprises can showcase and promote the quality products and professional services of Hong Kong. We will continue to encourage Hong Kong enterprises to participate actively in the fifth CIIE, to be held in November 2022, to demonstrate Hong Kong's unique advantages as the dual circulation connecting platform. The number of participating Hong Kong enterprises has increased significantly from about 160 in the first edition in 2018 to about 240 in the fourth edition in 2021, reflecting that many Hong Kong enterprises wish to develop the Mainland market and network through the CIIE.

- The Government will continue to assist Hong Kong enterprises in exploring business opportunities in the Mainland through the HKTDC. The HKTDC launched in June 2021 the “GoGBA” website and WeChat mini-programme to provide important business and trade information about the GBA and a wide range of practical tools. The “HKTDC GBA Centre” established in Shenzhen endeavours to provide promotion, consultation, training and business matching services, etc. The HKTDC also provides services such as “ConsignEasy”, physical and online outlets of “Design Gallery” in the Mainland and “Transformation Sandbox”, etc. The HKTDC plans to organise major promotional events in Guangzhou and Shenzhen within this year to promote Hong Kong's products and services, so as to provide multi-pronged support for Hong Kong enterprises to develop the Mainland market. Furthermore, the HKTDC signed memoranda of understanding with Guangdong, Shanghai, Sichuan and Hubei in 2021 to strengthen cooperation and assist Hong Kong enterprises in developing those markets.
- From 2022-23 to 2024-25, the Government will provide an additional funding of \$45 million per annum (i.e. a total of \$135 million) to the HKTDC for implementing the Support Scheme for Pursuing Development in the Mainland. Through its network of Mainland offices, the HKTDC will partner with relevant Mainland-based Hong Kong business organisations to organise training and exchange programmes, business missions as well as promotion activities to support Hong Kong businessmen, professional services practitioners and entrepreneurs to seize the business opportunities in the Mainland market.
- The 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. The Government will continue to seek to introduce more liberalisation measures that will benefit Hong Kong businesses under the CEPA framework, and create favourable conditions for Hong Kong businesses to access the Mainland market.

Export Credit Insurance

Specifically on export trade, the Hong Kong Export Credit Insurance Corporation (ECIC) has been actively rolling out various measures to support SMEs in overcoming challenges arising from the epidemic. These measures include:

- in June 2020, the ECIC launched the “100% Credit Limit Top-Up Scheme” ^{Note} to enhance the export credit insurance protection for exporters and provide assistance to the trade sector in face of increasing credit risks. To continue providing support to

exporters, the Scheme has been extended thrice to 30 June 2022. As at end February 2022, 12 547 credit limits have been uplifted under the Scheme, providing protection for a cumulative amount of around \$19.3 billion of shipments;

- the ECIC also launched supportive measures in April 2020 in response to the epidemic, and has extended the validity period of such measures to 30 June 2022. The measures provide a range of support to policyholders with annual sales turnover of less than \$50 million, including providing free pre-shipment cover; uplifting the credit limits on all approved buyers, etc. As at end February 2022, there have been respectively 1 264 and 1 068 policyholders benefitting from the free pre-shipment cover and credit limit uplift, involving uplift of credit limits totalling \$880 million;
- the ECIC launched in mid-December 2021 a new Self-Underwritten Policy for SMEs through a new self-service digital platform, “EC Reach 2.0”, that enables eligible policyholders to set their own credit limits online to up to \$800,000, without the need for separate approval;
- it was announced in the 2021 Policy Address that ECIC would launch the “Export Credit Guarantee Programme” on a pilot basis to provide guarantee up to 70% of the export financing of their policyholders at a maximum guarantee limit of \$50 million, thereby enhancing banks’ confidence in granting loan facilities to SMEs. The Programme was just launched in end March 2022; and
- the ECIC will also introduce the “Flexible Indemnity Ratio” arrangements in the second half of 2022. Policyholders whose applications for credit limit not fully approved before and the credit limits are not more than \$5 million may, according to their needs, receive an automatic increase of the credit limits and corresponding adjustment to the indemnity ratio. The ECIC will share the risks together with its policyholders to enhance insurance coverage for exporters.

The Government will continue to monitor the development of the epidemic and the Hong Kong economic situation, and introduce support measures in a timely manner. The expenditures and manpower for implementing the work mentioned above have been subsumed under the respective overall budgeted expenditure and staff establishment of the Commerce, Industry and Tourism Branch and respective departments/organisations, and cannot be quantified separately.

Note: Under the Scheme, the ECIC will automatically double the credit limits of existing policyholders or uplift the limits to the amount applied for, whichever is the smaller, subject to a cap of \$100 million. New credit limit applications will also be topped up in a similar manner.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)002

(Question Serial No. 0068)

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) (Miss Eliza LEE)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

In 2022-2023, the Government will continue to work closely with the Advisory Committee on Cruise Industry, the operators of the two cruise terminals and Hong Kong Tourism Board to promote cruise tourism having regard to the progress of resumption of cruise travel. In this connection, will the Government inform this Committee of the following:

1. The 10-year tenancy for operating the cruise terminal will expire soon. What arrangements will the Government make for the renewal of tenancy?
2. As the epidemic has dealt a heavy blow to cruise tourism, will the Government review whether the current operation mode can adapt to the new normal of the epidemic? If yes, what innovative operation mode will be adopted? If not, what are the reasons?

Asked by: Hon CHAN Pui-leung (LegCo internal reference no.: 2)

Reply:

The Kai Tak Cruise Terminal (KTCT) operates on commercial principles by a terminal operator appointed through open tender. In view of the uncertainties brought to the global cruise industry by the COVID-19 pandemic, and the need to ensure the continuous and smooth operation of KTCT when the pandemic stabilises so as to facilitate recovery of cruise tourism in Hong Kong, the Government has exercised the option in the existing tenancy agreement by extending the tenure of the operator for 5 years until May 2028. When deciding on the extension, we took into consideration the views of stakeholders, reviewed the operation at KTCT, and examined the latest planning and development of sites in the vicinity of KTCT. In order to further enhance terminal services in the extended tenure, various provisions of the new tenancy agreement have been revised, including passenger services, terminal operations, leasing mechanism, performance monitoring, and epidemic prevention etc.

Under the pandemic, the Government has been striving to create room for business for the tourism industry by striking an appropriate balance between pandemic containment and resumption of economic activities. Amongst others, “cruise-to-nowhere” (CTN) itineraries for Hong Kong residents only were allowed to resume in end-July 2021, and the passenger capacity of a cruise ship was subsequently relaxed to a maximum of 75%. As at 5 January 2022, KTCT received 88 ship calls and served over 130 000 local passengers.

In view of the worsening of the pandemic situation, the Government has tightened social distancing measures and suspended CTN itineraries since 7 January 2022. Subsequently, the Government decided in February 2022 to temporarily turn KTCT into a Community Isolation Facility for receiving frail elderly COVID-19 patients referred by the Hospital Authority for isolation and temporary care.

The Government will continue to closely monitor the pandemic situation and allow orderly resumption of cruise travel when the situation has stabilised, while ensuring that public health and safety are duly safeguarded. The Hong Kong Tourism Board (HKTB) will also continue to support cruise lines interested in operating CTN itineraries in Hong Kong, including attracting more local people to participate in cruise travel through promotion campaigns. Amongst others, HKTB will deploy the funding of \$20 million set aside under the sixth round of the Anti-epidemic Fund ^{Note} to launch a spend-to-redeem programme for CTN itineraries to foster recovery of the cruise industry. Under the programme, a local passenger may enjoy a \$500 discount when booking his or her CTN itinerary with spending of at least \$800 in physical retail or dining outlets during a specified period. The programme is expected to benefit around 40 000 local CTN passengers, cruise lines as well as travel agents selling relevant packages.

When the timing of the resumption of travel arrangements amongst Guangdong, Hong Kong and Macao becomes more certain, the Government will further deepen tourism cooperation within the Guangdong-Hong Kong-Macao Greater Bay Area (GBA), pool resources to establish the GBA tourism brand, as well as enhancing the accessibility and attractiveness of cruise tourism by introducing diversified cruise products through multi-sectoral and cross boundary collaboration in order to attract overseas and high value-added overnight tourists to embark on GBA multi-destination journeys via Hong Kong, with a view to unleashing the roles of Hong Kong as a core demonstration zone for multi-destination tourism and an international tourism hub. Upon the gradual resumption of cross-boundary/border travel, HKTB will also promote to visitors from GBA cruise experiences in Hong Kong, and collaborate with other ports in the region to jointly promote cruise journeys within GBA.

Note: Funding under the Anti-epidemic Fund is outside the scope of the Appropriation Bill or the estimates of the General Revenue Account.

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CONTROLLING OFFICER'S REPLY

CEDB(CIT)003

(Question Serial No. 0076)

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) (Miss Eliza LEE)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The matters requiring special attention in 2022-23 include continuing to work through the joint venture company to facilitate Hong Kong Disneyland Resort's operation and development, and continuing to work closely with the Ocean Park Corporation and relevant government departments to take forward the future strategy for Ocean Park. In this connection, please inform this Committee of the following:

1. Both Hong Kong Disneyland and Ocean Park have received additional funding from the Government in recent years. What are the details on the current use of the funding concerned by the two theme parks?
2. The tourism industry has been hard hit amid the epidemic. Will the Government provide additional support for the two theme parks? If yes, what are the details? If no, what are the reasons?
3. Given that the epidemic has become a norm, there are substantial changes in the tourism ecosystem. Has the Government discussed with the two theme parks on adjusting their future operation strategies? If yes, what are the details? If no, what are the reasons?

Asked by: Hon CHAN Pui-leung (LegCo internal reference no.: 21)

Reply:

Hong Kong Disneyland Resort (HKDL) obtained funding approval from the Legislative Council's Finance Committee (FC) in May 2017 for implementing a multi-year expansion and development plan (the Plan) within the park, so as to enhance HKDL's attractiveness and enrich tourism resources in Hong Kong:

- The total project cost of the Plan is estimated at \$10.9 billion, being funded by both shareholders of HKDL (i.e. the Government and The Walt Disney Company (TWDC)) through equal and concurrent cash equity injection (i.e. \$5,450 million each) into the relevant joint venture (i.e. Hongkong International Theme Parks Limited) based on progress of works.
- HKDL has been actively implementing the Plan. Various new attractions have been rolled out progressively since 2018, including “Moana: A Homecoming Celebration” stage show (2018), “Ant-Man and The Wasp: Nano Battle!” ride (2019), “Castle of Magical Dreams” (2020) and “Follow Your Dreams” daytime stage show (2021).
- As at end March 2022, the Government and TWDC each injected \$2,445 million into the above-mentioned joint venture for implementing the Plan (i.e. \$4,890 million in total).

As regards Ocean Park (OP), details of the funding support provided to the Ocean Park Corporation (OPC) by the Government in recent years are as follows:

- A total of \$310 million was allocated in the 2018-19 Budget for supporting OPC on a time-limited basis from 2018-19 to 2022-23 in developing education tourism and staging a new 3D projection-cum-water light show with local elements. As at end February 2022, the Government disbursed around \$280 million of the funding to OPC.
- In May 2020, FC approved a funding of \$5,426 million to support OPC’s operation for its Financial Year 2020-21 (i.e. 1 July 2020 to 30 June 2021), to repay the commercial loans of OPC (including the related financing costs) and to settle the outstanding costs for completing the Tai Shue Wan Development Project. As at end February 2022, the Government disbursed around \$4,750 million of the funding to OPC.
- In March 2021, FC approved a funding of \$1,664 million to support OPC’s operation from July 2021 onwards and implementation of the future strategy for OP. As at end February 2022, the Government disbursed around \$772 million of the funding to OPC. Besides, the Government would provide OPC with a time-limited subvention of not more than \$280 million per year for four financial years between 2022-23 and 2025-26 to support its conservation and education work. The Government will disburse the funding to OPC by instalments starting from 2022-23.

In addition, the two theme parks have benefitted from multiple rounds of the Government’s relief measures under the Anti-epidemic Fund between 2020 and 2022, including the Employment Support Scheme and the subsidies provided to hotels, restaurants, places of public entertainment, etc. ^{Note}

The Government has all along been striving to create room for the tourism sector including the two theme parks to operate by striking an appropriate balance between epidemic containment and resumption of economic activities. To this end, the Government allowed the two theme parks to reopen as soon as the fourth wave of the epidemic stabilised in early 2021 and subsequently relaxing the capacity limit to 75%. Besides, the two theme parks have benefitted from different support measures for local tourism. For instance, hotels of the two theme parks have participated in the Hong Kong Tourism Board’s

“Spend-to-Redeem Staycation” Programme, while the Inspirational Lake Recreation Centre and OP have been designated as green spots under the Green Lifestyle Local Tour Incentive Scheme. Upon stabilisation of the epidemic situation, the Government will relax the relevant social distancing measures in an orderly manner to facilitate reopening of the two theme parks. The Government will also strive to resume cross-boundary travel with the Mainland and Macao as soon as possible, to be followed by orderly resumption of cross-border travel with overseas economies, so as to widen the visitor source of the two theme parks.

Regarding future operation strategies, HKDL remains optimistic about its business recovery and long-term potential. With its strong brand and various new attractions under the Plan, HKDL would endeavour to grasp the opportunities brought by gradual travel resumption and tourism development in the Guangdong-Hong Kong-Macao Greater Bay Area. Together with marketing and sales efforts in different source markets, HKDL is expected to attract guests from all over the world again and contribute to recovery and long-term development of tourism in Hong Kong and the region. As for OP, OPC is actively taking forward the future strategy according to its plan with a view to transforming OP into a destination which focuses on conservation and education, grounded in nature and complemented by adventure and leisure elements to enhance visitors’ experience. The Tourism Commission will continue to closely monitor the operation of the two theme parks and the implementation progress of their development strategies.

Note: Schemes and subsidies under the Anti-epidemic Fund are outside the scope of the Appropriation Bill or the estimates of the General Revenue Account.

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CONTROLLING OFFICER'S REPLY**CEDB(CIT)004****(Question Serial No. 0323)**

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

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

Programme: (7) Subvention: Hong Kong Tourism Board

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Miss Eliza LEE)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is mentioned in the Estimates that during 2022-23, the Hong Kong Tourism Board (HKTB) will adopt various measures to rebuild Hong Kong's destination image in the Mainland and drive recovery; and accelerate the development of smart tourism and enhance visitors' digital experience. In this connection, please inform this Committee of the following:

- (1) the expenditures of the HKTB on marketing promotions in the Mainland in the past 3 financial years and the estimated expenditure for 2022-23;
- (2) given that some of the Mainland visitors have a negative perception of Hong Kong due to the social incidents in 2019, whether the Government has any new promotion strategies to rebuild Hong Kong's image as a hospitality city; and
- (3) the actual and estimated expenditures on accelerating the development of smart tourism in 2021-22 and 2022-23 respectively, and the details of the work involved.

Asked by: Hon CHAN Siu-hung (LegCo internal reference no.: 5)

Reply:

The Hong Kong Tourism Board (HKTB)'s marketing expenditure in Mainland markets in the past 3 financial years and in 2022-23 is as follows:

	2019-20	2020-21	2021-22	2022-23
Marketing expenditure in Mainland markets	\$22 million	\$16.8 million	About \$13.6 million (Estimated expenditure)	About \$100 million (Estimated expenditure)

HKTB has formulated a plan to prepare for the resumption of cross-boundary/border travel through phased promotional campaigns to attract visitors to return to Hong Kong as soon as possible.

At the initial stage of resumption of cross-boundary travel, HKTB will launch a one-stop website on the “360 Hong Kong Moments” platform to provide visitors with travel tips when visiting Hong Kong, including the latest travel information and anti-epidemic measures. HKTB will also step up promotion of newly commissioned tourist attractions and facilities, and advertise special offers from tourist attractions to attract visitors.

When cross-boundary travel is further relaxed, HKTB will launch the “Open House Hong Kong” campaign in the Mainland markets, offering visitors, especially those visiting Hong Kong under the Individual Visit Scheme, with exclusive activities, including theme park experiences, cultural workshops, bartending workshops, etc.

HKTB will also organise mega familiarisation trips for Mainland trade partners, the press and social media influencers, as well as “Hong Kong Super Fans” to encourage them to feel Hong Kong’s charisma in person. In addition, HKTB will work with Mainland online travel agents to develop new tourism products, spread positive words of mouth for Hong Kong and generate more publicity on the Internet. HKTB will also lead trade delegations to Guangzhou and Shenzhen to exchange views with the Mainland trade on tourism promotion and discuss further collaboration. HKTB will adjust its promotional plan subject to the actual pace of cross-boundary travel resumption.

To assist the travel trade to get prepared for the resumption of cross-boundary travel, HKTB will roll out a new Quality Tourism Services campaign to encourage the travel and related trades to showcase hospitality and make their customers feel at home.

For the development of smart tourism, starting from 2020-21, HKTB has been developing a new one-stop digital platform to provide visitors with first-hand information and promotional offers while opening up new business opportunities for the travel trade. HKTB has also been strengthening the security system of its official website and enhance its online applications. The estimated expenditure in 2021-22 is about \$21 million. In addition, HKTB has reserved \$28 million in 2022-23 to continue to develop the one-stop digital platform, encompassing city-wide offers from merchants to provide the latest information to visitors and embedding features such as automatic, customised itinerary scheduling, real-time maps and enquiry services on a round-the-clock basis. HKTB will also establish a data system and strengthen information technology support to analyse and grasp the latest needs of visitors for targeted promotions.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)005

(Question Serial No. 0801)

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) (Miss Eliza LEE)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Bureau will continue to pursue “the case against the US” revised origin marking requirement on products originating from Hong Kong...under the World Trade Organization (WTO) Dispute Settlement Mechanism” and “maintain close communication with the trade” in the coming year.

1. Given that the Government formally launched procedures in accordance with the WTO Dispute Settlement Mechanism on 30 October 2020 to take action against the US on the WTO level and, at Hong Kong’s request, the Dispute Settlement Body established a panel to consider the dispute at its meeting on 22 February 2021, what are the subsequent developments and the latest progress?
2. What are the current origin marking practice on goods and merchandise of Hong Kong origin and the specific import situation? What are the total numbers of affected Hong Kong enterprises and goods? What are these products/industries and their percentage shares?

Asked by: Hon CHAN Yung (LegCo internal reference no.: 1)

Reply:

Since 10 November 2020, the US Customs and Border Protection (US CBP) has unilaterally required that imported goods produced in Hong Kong may no longer be marked to indicate “Hong Kong” as their origin, but must be marked to indicate “China”. Although the US CBP has clarified that the new requirement would not affect the entry summary procedures and the assessment of duties, and that imports from Hong Kong and Mainland China would continue to be handled separately, US’ new requirement discriminates against goods of Hong Kong origin and attempts to weaken Hong Kong’s status as a separate

customs territory. It is also blatantly inconsistent with multiple World Trade Organization (WTO) agreements. Such a move confuses the market and is highly inappropriate. In fact, the “Made in Hong Kong” marking on Hong Kong products, which has been accepted internationally for many years, not only conforms to Hong Kong’s status as a separate customs territory and complies with WTO rules, but also provides consumers with clear and accurate information on product origin.

To this end, the HKSAR Government is robustly advancing its arguments to defend Hong Kong’s interests in accordance with the WTO Dispute Settlement Mechanism. The panel established by the WTO Dispute Settlement Body (DSB) is considering the dispute raised by Hong Kong with respect to the violation of WTO rules by the US’ new requirement on origin marking for Hong Kong products. The panel recently conducted in February 2022 the second (and the last) substantive meeting with the parties to the dispute and expects to issue its final report to the parties in the second quarter of 2022. The report will then be submitted to the WTO DSB for adoption and made available to the public.

In 2021, Hong Kong’s domestic exports to the US was around HK\$7.4 billion, accounting for around 0.1% of Hong Kong’s total exports. The main products were jewellery, goldsmiths’ and silversmiths’ wares, and other articles of precious or semi-precious materials (63%); silver, platinum and other metals of the platinum group (8%); edible products and preparations (6%); and articles of apparel of textile fabrics (6%).

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)006

(Question Serial No. 0876)

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

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

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

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Miss Eliza LEE)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

To facilitate Hong Kong businessmen, professional services practitioners and entrepreneurs in the Mainland in better integrating into the overall development of our country and seizing the opportunities there, the Government will allocate a total funding of \$135 million to the Hong Kong Trade Development Council over the next 3 years for the introduction of the Support Scheme for Pursuing Development in the Mainland (the Scheme). The Scheme will help them tap business opportunities there, with priority accorded to the Greater Bay Area. In this connection, will the Government inform this Committee of:

1. the specific work plans, the targets of the Scheme, and the expenditure to be involved;
2. whether there are any specific indicators for evaluation? If yes, what are the details? If no, what are the reasons?

Asked by: Hon CHEN Chung-nin, Rock (LegCo internal reference no.: 4)

Reply:

From 2022-23 to 2024-25, the Government will provide an additional funding of \$45 million per annum (i.e. a total of \$135 million over 3 years) to the Hong Kong Trade Development Council (HKTDC) for implementing the Support Scheme for Pursuing Development in the Mainland (the Scheme). The HKTDC will strive to strengthen its support to Hong Kong businessmen, professional services practitioners and entrepreneurs already set foot in the Mainland to develop the Mainland market under the Scheme. Through its network of Mainland offices, the HKTDC will partner with relevant Mainland-based Hong Kong business organisations to organise a series of practical activities covering different business and professional areas, including online and offline training, exchange programmes, business missions as well as promotion activities. Together with the mega promotional business and trade events organised or participated by

the HKTDC in the Mainland, such activities will deepen Hong Kong enterprises' understanding of the Mainland's business environment and market, thereby facilitating their business development and expansion of network to different cities and regions, and better integrating into the overall development of the nation.

The Scheme will mainly target Mainland markets with the presence of more Hong Kong businesses, including cities in the Guangdong-Hong Kong-Macao Greater Bay Area (such as Guangzhou and Shenzhen) and other markets with good potential (such as Beijing, Shanghai, Wuhan, Chengdu and Chongqing).

The HKTDC's Mainland offices will organise the activities in collaboration with relevant Mainland-based Hong Kong business organisations as soon as possible, consider resources deployment in accordance with the actual needs of individual activities and exercise flexibility having regard to the epidemic situation and needs of the trade, including organising activities in online or hybrid formats. The HKTDC will also review regularly the effectiveness of the activities with a view to better meeting the needs of Hong Kong enterprises in the Mainland.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)007

(Question Serial No. 0354)

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) (Miss Eliza LEE)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is stated in the Budget Speech that \$1.26 billion will be earmarked to support and develop the tourism industry, of which \$600 million will be used to implement a 3-year scheme entitled "Cultural and Heritage Sites Local Tour Incentive Scheme". In this connection, will the Government advise this Committee of:

1. its specific plan for promoting cultural and heritage sites local tours, and whether it has considered including the promotion of local traditional food culture and history into the plan; if not, whether such inclusion is necessary; and
2. the breakdown of expenditure and staff establishment in relation to the \$1.26 billion funding for supporting and developing the industry?

Asked by: Hon CHEUNG Yu-yan, Tommy (LegCo internal reference no.: 2)

Reply:

The Government is committed to promoting cultural and heritage tourism and has been taking forward various culture and heritage projects with different themes. Projects that have been/ will be carried out include the "Yim Tin Tsai Arts Festival" which is an arts cum cultural, historical and green tourism project; the "City in Time" tourism project which makes use of augmented reality and creative multimedia technology through mobile application to bring back to life the history of individual landmarks; upgrading of the Wong Nai Chung Gap Trail facilities with war relics and other components of local history; the Dr Sun Yat-sen Historical Trail which is integrated with art elements; and the Tai Hang Fire Dragon Heritage Centre which is expected to commence operation in 2022 and aims to promote the Tai Hang fire dragon dance and traditional Hakka culture, customs and history, etc. They provide citizens and visitors with travel and leisure experience that are richer in content, more immersive and higher in quality.

In addition, the Hong Kong Tourism Board (HKTb) has launched the “Hong Kong Neighbourhoods” - “Old Town Central” promotion since 2018, followed by the “Sham Shui Po” and “West Kowloon” programmes, which highlighted local cultures, including food culture, as a major tourism appeal of Hong Kong. HKTb will continue to expand the “Hong Kong Neighbourhoods” campaign by injecting new elements into the existing programmes and extending it to other districts. HKTb will also highlight Hong Kong’s world-class arts and culture developments and unique local cultures when promoting the city’s tourism activities and mega events, such as the Hong Kong Wine and Dine Festival. It will also promote Hong Kong and Chinese cultures in the Mainland and international markets with a wide range of creative contents.

The 2022-23 Budget has earmarked \$1.26 billion to support and develop the tourism industry. To implement the guiding direction of “shaping tourism with cultural activities and promoting culture through tourism” set out in the Culture and Tourism Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area (the CTD Plan) and the development strategy of nurturing more tourist attractions and itineraries with local characteristics set out in the Development Blueprint for Hong Kong’s Tourism Industry, \$600 million has been earmarked for implementing a three-year scheme entitled “Cultural and Heritage Sites Local Tour Incentive Scheme”, which aims to encourage the travel trade to leverage the opportunities arising from Hong Kong’s rich culture and heritage resources and progressive completion of a number of major cultural and leisure facilities to develop and launch more tourism products with cultural and heritage elements, and to support the operation of the Green Lifestyle Local Tour Incentive Scheme. The Tourism Commission will listen to the views of the travel trade and formulate the details of the scheme, and will, upon the stabilisation of the COVID-19 epidemic, announce the details in 2022 in due course.

Besides, the Budget has also earmarked \$60 million for funding the training of tourism practitioners for 3 years, with a view to further improving the professional standards and service quality of the industry, and assisting the trade in nurturing talents in areas such as cultural and heritage tourism for supporting the long term development of the industry. The remaining \$600 million will be used for supporting HKTb’s work in driving tourism recovery and developing cultural tourism according to the CTD Plan, including boosting local ambience and consumption, promoting cross-boundary/border travel resumption, deepening linkage with the Guangdong-Hong Kong-Macao Greater Bay Area and developing multi-destination tourism and accelerating digital transformation and developing smart tourism, etc.

Staffing for the above projects is absorbed by the existing establishment of the Commerce, Industry and Tourism Branch under the Commerce and Economic Development Bureau and HKTb, and cannot be quantified separately.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)008

(Question Serial No. 0357)

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) (Miss Eliza LEE)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Government will allocate a funding of \$135 million to the Hong Kong Trade Development Council over the next 3 years for the introduction of the Support Scheme for Pursuing Development in the Mainland. In this connection, what is the Government's specific plan to facilitate Hong Kong people in tapping the business opportunities in the Mainland? What is the annual estimated expenditure involved? Of the \$135 million funding, how much will be allocated for the Greater Bay Area?

Asked by: Hon CHEUNG Yu-yan, Tommy (LegCo internal reference no.: 5)

Reply:

From 2022-23 to 2024-25, the Government will provide an additional funding of \$45 million per annum (i.e. a total of \$135 million over 3 years) to the Hong Kong Trade Development Council (HKTDC) for implementing the Support Scheme for Pursuing Development in the Mainland (the Scheme). The HKTDC will strive to strengthen its support to Hong Kong businessmen, professional services practitioners and entrepreneurs already set foot in the Mainland to develop the Mainland market under the Scheme. Through its network of Mainland offices, the HKTDC will partner with relevant Mainland-based Hong Kong business organisations to organise a series of practical activities covering different business and professional areas, including online and offline training, exchange programmes, business missions as well as promotion activities. Together with the mega promotional business and trade events organised or participated by the HKTDC in the Mainland, such activities will deepen Hong Kong enterprises' understanding of the Mainland's business environment and market, thereby facilitating their business development and expansion of network to different cities and regions, and better integrating into the overall development of the nation.

The HKTDC's Mainland offices will organise the activities in collaboration with relevant Mainland-based Hong Kong business organisations as soon as possible, and exercise flexibility having regard to the epidemic situation and needs of the trade, including organising activities in online or hybrid formats.

The Scheme will mainly target Mainland markets with the presence of more Hong Kong businesses, including cities in the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) (such as Guangzhou and Shenzhen) and other markets with good potential (such as Beijing, Shanghai, Wuhan, Chengdu and Chongqing). The HKTDC is currently conducting the preparatory work for the Scheme and will, in accordance with the actual needs of individual activities, consider the deployment of resources, which cannot be quantified separately with target beneficiaries from across the GBA and other Mainland cities.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)009****(Question Serial No. 0358)**

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) (Miss Eliza LEE)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Since its launch, the Special 100% Loan Guarantee has provided timely relief for enterprises amid the epidemic. In the current financial year, the Government will continue to enhance the scheme. In this connection, will the Government advise this Committee of the following:

1. Since the launch of the Special 100% Loan Guarantee, how many companies have applied for the loans? What is the total loan amount approved?
2. Under the macro environment with economic downturn caused by the epidemic, has the Government assessed the number of applicant enterprises which would be unable to repay the loans they have borrowed under the Special 100% Loan Guarantee between the fourth quarter of 2021 and the first quarter of 2022? What is the default rate involved?

Asked by: Hon CHEUNG Yu-yan, Tommy (LegCo internal reference no.: 6)

Reply:

From its launch in April 2020 to end February 2022, the application and default figures of the Special 100% Guarantee Product are as follows:

Number of Applications Received	50 445
Number of Applications Approved	48 432
Total Loan Amount of Approved Cases (\$)	85.21 billion
Number of Benefitted Enterprises	30 345
Number of Default Cases	354
Default rate	0.74%

The Government has been closely monitoring the application and operation of the SME Financing Guarantee Scheme (SFGS). The default rate of the Special 100% Guarantee Product has been lower than expected so far, as the burden on small and medium enterprises have been greatly reduced due to the relief measures such as concessionary low interest and time-limited principal moratorium provided by the Government. The Government will continue to closely monitor the economic situation of Hong Kong and various aspects of the progress and operation of the SFGS.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)010

(Question Serial No. 0369)

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) (Miss Eliza LEE)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

As mentioned in paragraph 118 of the Budget Speech, the Financial Secretary will allocate a total funding of \$135 million to the Hong Kong Trade Development Council over the next 3 years for the introduction of the Support Scheme for Pursuing Development in the Mainland (the Scheme) to assist in seizing business opportunities in the Mainland. In this connection:

1. What are the specific details of the Scheme, including its objectives, target groups, scope and content of support as well as implementation timetable; what programmes and activities will be provided; and how will the local organisations and bodies from various sectors participate in the Scheme?
2. Which Mainland cities will be covered in the Scheme; what are the estimated numbers of Hong Kong businessmen and people working in these Mainland cities currently; and how many of them are expected to be benefited?
3. What will be the roles of the Constitutional and Mainland Affairs Bureau and the Economic and Trade Offices of the Government in the Mainland under the Scheme?
4. How will the Government monitor the implementation and use of funding of the Scheme?

Asked by: Hon CHIU Duncan (LegCo internal reference no.: 6)

Reply:

From 2022-23 to 2024-25, the Government will provide an additional funding of \$45 million per annum (i.e. a total of \$135 million over 3 years) to the Hong Kong Trade Development Council (HKTDC) for implementing the Support Scheme for Pursuing Development in the Mainland (the Scheme). The HKTDC will strive to strengthen its

support to Hong Kong businessmen, professional services practitioners and entrepreneurs already set foot in the Mainland to develop the Mainland market under the Scheme. Through its network of Mainland offices, the HKTDC will partner with relevant Mainland-based Hong Kong business organisations to organise a series of practical activities covering different business and professional areas, including online and offline training, exchange programmes, business missions as well as promotion activities. Together with the mega promotional business and trade events organised or participated by the HKTDC in the Mainland, such activities will deepen Hong Kong enterprises' understanding of the Mainland's business environment and market, thereby facilitating their business development and expansion of network to different cities and regions, and better integrating into the overall development of the nation.

The Scheme will mainly target Mainland markets with the presence of more Hong Kong businesses, including cities in the Guangdong-Hong Kong-Macao Greater Bay Area (such as Guangzhou and Shenzhen) and other markets with good potential (such as Beijing, Shanghai, Wuhan, Chengdu and Chongqing).

The Government does not have the statistics of the number of Hong Kong businessmen and people working in these Mainland cities. The HKTDC will take into account the views of the Mainland authorities and relevant Mainland-based Hong Kong business organisations in planning the activities, and exercise flexibility having regard to the epidemic situation and needs of the trade, including organising activities in online or hybrid formats. The HKTDC will also work with the Mainland Offices of the Government to encourage the participation of Hong Kong businessmen and people in the Mainland. The number of enterprises and people benefitting from the activities will vary depending on the nature, target sector or location of individual activities.

The Commerce and Economic Development Bureau will liaise and work closely with the HKTDC, and monitor closely the implementation of the Scheme. The HKTDC will also invite other policy bureaux and departments to participate in relevant activities, having regard to the nature of individual activities.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)011****(Question Serial No. 0483)**

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) (Miss Eliza LEE)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Please provide in tabular form and by industry the number of applications approved, amount of loans granted, repayment periods and annual interest rates of the applications received under the 100% Personal Loan Guarantee Scheme since its launch in April 2020, as well as details of those which applied for and approved by banks of principal moratorium arrangement.

Asked by: Hon CHOW Ho-ding, Holden (LegCo internal reference no.: 2)

Reply:

From its launch in April 2020 to end February 2022, the application figures of the major beneficiary sectors of the Special 100% Guarantee Product are as follows:

Beneficiary Sector	Number of Applications Approved	Total Loan Amount of Approved Cases (\$)
Trading, Wholesale and Retail	17 391	27.57 billion
Engineering and Construction	4 141	9.26 billion
Manufacturing	3 019	5.18 billion
Others (e.g. Catering, Transportation)	23 881	43.2 billion

The distribution of the repayment period of the aforementioned approved applications is as follows:

Less than 1 year	6
Not less than 1 year but less than 2 years	202
Not less than 2 years but less than 3 years	605
Not less than 3 years but less than 4 years	17 518
Not less than 4 years but less than 5 years	413
Not less than 5 years but less than 6 years	14 461
Not less than 6 years but less than 7 years	160
Not less than 7 years but not more than 8 years	15 067

The annual interest rate for all loans under the Special 100% Guarantee Product is the Hong Kong Prime Rate, as specified by Hong Kong Mortgage Corporation Limited from time to time, minus 2.5% (or equivalent), i.e. the effective interest rate is currently at 2.75% per annum. As at end February 2022, among approved applications, principal moratorium applies to a total of 32 085 cases.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)012

(Question Serial No. 0484)

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) (Miss Eliza LEE)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Bureau indicates that it will “continue to work closely with the Advisory Committee on Cruise Industry, the operators of the two cruise terminals and Hong Kong Tourism Board (HKTb) to promote cruise tourism having regard to the progress of resumption of cruise travel” in the coming year.

1. It is noted that one of the cruise lines homeporting in Hong Kong has moved its cruise vessels out of Hong Kong while the other one has been wound up. What are the details? How will the business of the cruise terminal in Hong Kong be affected in the short run?
2. The HKTb will “support cruise lines for retaining and cultivating future deployment” in the coming year. What are the details of this measure?
3. Please advise on the utilisation of the Kai Tak Cruise Terminal, including the number of ship calls and the percentage of leased venues in the terminal building in each of the past 5 years.

Asked by: Hon CHOW Ho-ding, Holden (LegCo internal reference no.: 3)

Reply:

Under the pandemic, the Government has been striving to create room for business for the tourism industry by striking an appropriate balance between pandemic containment and resumption of economic activities. Amongst others, “cruise-to-nowhere” (CTN) itineraries for Hong Kong residents only were allowed to resume in end-July 2021, and the passenger capacity of a cruise ship was subsequently relaxed to a maximum of 75%. Nonetheless, in view of the worsening of the pandemic situation, the Government has tightened social

distancing measures and suspended CTN itineraries since 7 January 2022. The 2 operating cruise lines have subsequently cancelled all their remaining scheduled ship calls.

Subsequently, the Government decided in February to temporarily turn Kai Tak Cruise Terminal (KTCT) into a Community Isolation Facility for receiving frail elderly COVID-19 patients referred by the Hospital Authority for isolation and temporary care.

The Government will continue to closely monitor the pandemic situation and allow orderly resumption of cruise travel when the pandemic situation has stabilised, while ensuring that public health and safety are duly safeguarded. Nevertheless, whether to operate CTN itineraries in Hong Kong is a commercial decision for individual cruise lines to take. The Hong Kong Tourism Board (HKTb) will also continue to support cruise lines interested in operating CTN itineraries in Hong Kong, including attracting more local people to participate in cruise travel through promotion campaigns. Amongst others, HKTb will deploy the funding of \$20 million set aside under the sixth round of the Anti-epidemic Fund ^{Note} to launch a spend-to-redeem programme for CTN itineraries to foster recovery of the cruise industry. Under the programme, a local passenger may enjoy a \$500 discount when booking his or her CTN itinerary with spending of at least \$800 in physical retail or dining outlets during a specified period. The programme is expected to benefit around 40 000 local CTN passengers, cruise lines as well as travel agents selling relevant packages and will also provide more incentives for cruise lines to deploy their ships to operate in Hong Kong in future. In addition, upon the gradual resumption of cross-boundary/border travel, HKTb will also promote to visitors from the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) cruise experiences in Hong Kong, and collaborate with other ports in the region to jointly promote cruise journeys within GBA.

The number of ship calls and cruise passenger throughput at KTCT in the past 5 years are as follows:

Year	Number of ship calls	Cruise passenger throughput (departure and arrival)
2017	186	784 073
2018	170	815 461
2019	175	847 071
2020*	24	102 618
2021*	84	253 017

* Immigration service at KTCT has been suspended since 5 February 2020. CTN itineraries were allowed to operate in KTCT in the period from 30 July to 31 December 2021.

The utilisation situation of the ancillary commercial areas of KTCT in the past 5 years is as follows:

Year (As at March)	Occupied floor area as a percentage of the ancillary commercial areas	Number of merchants occupying the commercial areas
2018	100%	7
2019	100%	7
2020	100%	7
2021*	60%	6
2022	100%	7

* During the year, the terminal operator took legal action against a former tenant to seek removal of its chattels within the premises. The premises were subsequently reinstated to rentable conditions and have been successfully let out.

Note: Funding under the Anti-epidemic Fund is outside the scope of the Appropriation Bill or the estimates of the General Revenue Account.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)013

(Question Serial No. 0226)

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) (Miss Eliza LEE)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is mentioned in the Budget that in order to facilitate Hong Kong businessmen, professional services practitioners and entrepreneurs in the Mainland in better integrating into the overall development of our country and seizing the opportunities there, the Government will allocate a total funding of \$135 million to the Hong Kong Trade Development Council over the next 3 years for the introduction of the Support Scheme for Pursuing Development in the Mainland, which will support them in exploring business opportunities in the Mainland. Please advise on:

1. the relevant organisations stationed in the Mainland (including locally stationed organisations, commissioned organisations or agencies) which provide support for Hong Kong businessmen, professional services practitioners and entrepreneurs in the Mainland over the past 3 years, and the specific details of the annual expenditure and manpower involved;
2. the specific work for supporting Hong Kong businessmen, professional services practitioners and entrepreneurs in the Mainland over the past 3 years, the related expenditure and total number of beneficiaries; and
3. the number of Hong Kong businessmen, professional services practitioners and entrepreneurs in the Mainland over the past 3 years with a breakdown of the total number by geographical location.

Asked by: Hon CHOW Man-kong (LegCo internal reference no.: 3)

Reply:

The Government of the Hong Kong Special Administrative Region (HKSAR) has all along kept alert of the situation of Hong Kong enterprises operating in the Mainland, and supported their development in the Mainland through its Mainland Offices and offices of the Hong Kong Trade Development Council (HKTDC) in the Mainland.

The HKSAR Government has set up 5 Mainland Offices with liaison units set up under each office. There are a total of 11 liaison units. The Mainland Offices of the Government maintain close liaison with organisations, business associations and enterprises, etc. established by Hong Kong people in the Mainland to keep track of the operating situation of Hong Kong enterprises in the Mainland and produce newsletters and thematic reports on the Mainland's economic and trade policies as well as laws and regulations which are of concern to Hong Kong enterprises. Also, trade seminars are organised from time to time, at which experts and scholars are invited to enlighten Hong Kong enterprises about the latest economic and trade situation and the development direction of the nation, thereby assisting the enterprises in seizing opportunities.

With its 13 offices in the Mainland, the HKTDC strives to help Hong Kong businesses expand their market and business connection to capture business opportunities. To assist Hong Kong businesses in the Mainland, the HKTDC has been working closely with relevant Mainland-based Hong Kong business organisations including Hong Kong business chambers, professionals' groups and associations of young entrepreneurs in different cities to provide business support service for Hong Kong businesses. During 2019-20 to 2021-22, the HKTDC organised trade promotion activities in Mainland cities, including physical and online exhibitions, seminars, exchange activities and business missions, etc., in which over 2 200 Hong Kong businessmen participated. The HKTDC also joined over 30 trade and public exhibitions in the Mainland and set up Hong Kong Pavilions in large-scale exhibitions to promote the advantages of Hong Kong's products and service sectors. Moreover, the HKTDC launched in June 2021 the "GoGBA" website and WeChat mini-programme to provide important business and trade information about the Guangdong-Hong Kong-Macao Greater Bay Area and a wide range of practical tools, and the "HKTDC GBA Centre" established in Shenzhen to endeavor to provide promotion, consultation, training and business matching services, etc. As at early March 2022, around 90 000 views of the GoGBA WeChat mini-programme were recorded, while the "HKTDC GBA Centre" organised about 30 activities with about 1 800 Hong Kong businessmen patronising the Centre's services and participating in its activities.

Apart from the above work, we also support Hong Kong enterprises through the following measures:

- continue to provide financial support to Hong Kong enterprises in developing brands and conducting more promotional activities in the Mainland through the Dedicated Fund on Branding, Upgrading and Domestic Sales and the SME Export Marketing Fund. From January 2019 to December 2021, a funding amount of over \$1.28 billion was approved under the two funding schemes for a total of 3 715 applications related to Mainland market development, benefitting over 2 600 enterprises and involving over 25 000 employees;

- since 2018, the China International Import Expo (CIIE) held annually in Shanghai has been an important platform established by our nation for enterprises around the world to enter the Mainland market, where Hong Kong enterprises can showcase and promote the quality products and professional services of Hong Kong. The number of participating Hong Kong enterprises has increased significantly from about 160 in the first edition in 2018 to about 240 in the fourth edition in 2021, reflecting that many Hong Kong enterprises wish to develop the Mainland market and network through the CIIE;
- continue to assist 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. CEPA has now become a comprehensive and modern free trade agreement, covering all facets of Hong Kong's economic and trade relationship with the Mainland and promoting further liberalisation and facilitation of trade and investment between the two places. We will continue to seek to introduce more liberalisation measures that will benefit Hong Kong businesses under the CEPA framework, and create favourable conditions for Hong Kong businesses to access the Mainland market; and
- from 2022-23 to 2024-25, the Government will provide an additional funding of \$45 million per annum (i.e. a total of \$135 million) to the HKTDC for implementing the Support Scheme for Pursuing Development in the Mainland. Through its network of Mainland offices, the HKTDC will partner with relevant Mainland-based Hong Kong business organisations to organise training and exchange programmes, business missions as well as promotion activities to support Hong Kong businessmen, professional services practitioners and entrepreneurs to seize the business opportunities in the Mainland market.

The expenditure and manpower of the work mentioned above have been subsumed under the overall estimated expenditure and staff establishment of the Commerce and Economic Development Bureau and respective departments/organisations, and cannot be quantified separately.

The Government does not have the statistics of the number of Hong Kong businessmen, professional services practitioners and entrepreneurs in the Mainland.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)014****(Question Serial No. 0706)**

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) (Miss Eliza LEE)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

One of the main responsibilities under this programme is to oversee the policy work related to the overseas Economic and Trade Offices (ETOs), their functions and expand the ETO network. Many people are of the view that these ETOs are operating with a rather single function and the focus is on government-to-government (G2G) work. Would the Government advise this Committee of: Whether ETOs could work with Invest HK in the future to help attract overseas quality enterprises to Hong Kong so as to enrich Hong Kong's industry structure, as well as provide support and services to overseas Hong Kong enterprises and residents or those who intend to go overseas? In view of the situation of the COVID-19, how many overseas ETOs were affected in 2021-22 and had to suspend or postpone their major activities? Will the Government review their functions in the future?

Asked by: Hon HONG Wen, Wendy (LegCo internal reference no.: 2)

Reply:

The HKSAR Government has a total of 14 overseas Economic and Trade Offices (ETOs)^{Note 1} located in the cities of Hong Kong's major trading partners. The ETOs are the official representatives of the HKSAR Government in countries under their respective purviews. Their responsibilities are to foster relations and liaison with the local authorities, businesses and various sectors, as well as to handle bilateral economic and cultural matters between Hong Kong and the countries under their respective purviews. The ETOs have been strengthening the work in promoting important policies abroad in line with the overall strategy of the HKSAR Government, including promoting innovation and technology/research and development/smart city; attracting inward investment and fostering the expansion of Hong Kong enterprises into overseas markets; showcasing the arts, culture and creative soft powers of Hong Kong; attracting talents and renowned international institutions/organisations to Hong Kong; promoting our services, including financial, legal

and other professional services; and fostering financial market development. Besides, the ETOs actively organised or co-organised, with other Hong Kong overseas agencies (such as the Hong Kong Trade Development Council and the Hong Kong Tourism Board) or local organisations, different promotional activities to promote the advantages and latest development of Hong Kong with a view to raising Hong Kong's international profile.

Except for the ETOs in Washington in the United States and in Geneva in Switzerland, all other ETOs and Mainland Offices of the HKSAR Government have an investment promotion unit (IPU). IPU is simultaneously part of Invest Hong Kong as well as a team within the ETO. IPU and ETO teams cooperate seamlessly with one another. Both discharge their functions on marketing and investment promotion, endeavouring to attract overseas and Mainland enterprises to invest, set up or expand their businesses in Hong Kong. The ETOs also actively maintain close liaison with local business sectors, chambers of commerce and associations, introducing to the parties the advantages and latest developments of Hong Kong in various aspects, encouraging them to invest and conduct business in Hong Kong.

Apart from establishing close partnership with overseas stakeholders, the ETOs have also been closely monitoring comments from local individuals and local media on Hong Kong and made timely clarifications as appropriate. The ETOs have also met with the media and taken the initiative to write to them to rebut biased reports on Hong Kong to set the record straight. Articles to the media included the ETOs' emphasis made to overseas stakeholders that the National Security Law is beneficial to the political and social stability of Hong Kong and conducive to maintaining Hong Kong's investment and business environment in the long run, and that the legislation will not adversely affect the rights and freedoms enjoyed by Hong Kong residents in accordance with the law. The ETOs have also explained the background, principles and key points in the improvement of the electoral system, such that overseas stakeholders would understand its importance and necessity. The Central People's Government publicised the White Paper on "Hong Kong: Democratic Progress Under the Framework of One Country, Two Systems" (the White Paper) upon the successful completion of the first general election of the Legislative Council under the improved electoral system, which served to pre-emptively address the major issue of Hong Kong's democratic development, leaving no room for slandering by external forces. After the publication of the White Paper by the Central People's Government, the ETOs immediately sent the White Paper to overseas stakeholders through different channels, relaying clearly to the international community our country's determination to support development of democracy in the HKSAR.

Although external promotion work of the overseas ETOs was affected since the pandemic outbreak, the ETOs, through their network, continued with their external engagement work through different channels, such as issuing letters to overseas stakeholders in different sectors, publishing articles and responses to local reports in a number of media, and organising and participating in webinars, etc. to promote to the interlocutors Hong Kong's developments on various fronts. From June 2020 to end-February 2022, the ETOs have organised 48 webinars for the Chief Executive and principal officials to directly engage overseas audience to provide them with the latest information on Hong Kong and dispel misunderstandings or concerns about Hong Kong.

Since the global pandemic outbreak in 2020, the ETOs have utilized different channels such as websites, emails and social media to actively disseminate latest information to Hong Kong residents residing overseas (including the contacts of relevant departments and organisations which could provide assistance) and explain to them the HKSAR Government's anti-epidemic measures tailored according to the development of the pandemic. The ETOs also actively seek updates on the measures undertaken by the local governments in response to the development of the outbreak, provide assistance to overseas Hong Kong residents in need, and refer assistance requests to relevant departments of the local government, local Chinese diplomatic and consular missions, or the Hong Kong Immigration Department for follow-up where necessary.

The year 2022 marks the important occasion of the 25th anniversary of Hong Kong's return to the motherland. Our 14 ETOs will, in collaboration with respective departments, relevant organisations, chambers of commerce and professional bodies, continue to step up the effort in overseas promotion and showcase Hong Kong's achievements over the past 25 years. The ETOs will also roll out a series of promotional events abroad to promote Hong Kong's unique advantages and unlimited business opportunities, fostering hope and confidence in the community to embark on the brighter journey of Hong Kong.

We will review regularly the existing strategies of the ETOs in taking forward the priority targets of the Government, and make adjustments according to the circumstances.

Note 1: At present, the HKSAR Government has a total of 14 overseas ETOs located in Bangkok, Berlin, Brussels, Dubai, Geneva, Jakarta, London, New York, San Francisco, Singapore, Sydney, Tokyo, Toronto and Washington DC respectively. Among the ETOs, the Geneva ETO represents Hong Kong, China (HKC) in the World Trade Organization and the Trade Committee of the Organisation for Economic Co-operation and Development, and is mainly responsible for handling issues relating to these organisations, advancing and defending the commercial interests of HKC, as well as reducing trade barriers.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)015****(Question Serial No. 0162)**

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) (Miss Eliza LEE)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Financial Secretary has announced to further promote and develop Hong Kong's "original grant patent" (OGP) system. In the next 3 financial years, a total of about \$85 million will be allocated to the Intellectual Property Department for enhancing Hong Kong's capacity to conduct substantive examination in processing OGP applications. In what specific ways will the \$85 million be used, and what are the estimates of expenditure for hardware, manpower training and other relevant supporting infrastructure respectively?

Asked by: Hon IP LAU Suk-ye, Regina (LegCo internal reference no.: 3)

Reply:

In accordance with the development strategy of the "Outline of the 14th Five-Year Plan for National Economic and Social Development of the People's Republic of China and the Long-Range Objectives Through the Year 2035", the Government will adopt a multipronged approach to implement a series of initiatives to develop Hong Kong into a regional intellectual property (IP) trading centre, including strengthening Hong Kong's IP regime to meet our social and economic development needs. In this regard, the Intellectual Property Department (IPD) will further promote and develop the "original grant patent" (OGP) system implemented in December 2019 and enhance Hong Kong's capacity to conduct substantive examination in processing OGP applications. In the next 3 financial years (i.e. 2022-23 to 2024-25), a total of about \$85 million will be allocated to IPD for creating 4 permanent establishment posts and gradually recruiting a total of 25 patent examiners on non-civil service contract terms. The relevant salary expenditures are about \$3.9 million and \$18 million respectively in 2022-23, and the total salary expenditures in the coming 3 years are \$11.7 million and \$74 million respectively.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)016

(Question Serial No. 0163)

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) (Miss Eliza LEE)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Financial Secretary has announced that \$1.26 billion will be earmarked to support and develop the tourism industry, of which \$600 million will be used to implement a 3-year scheme entitled “Cultural and Heritage Sites Local Tour Incentive Scheme”, as well as the operation of the Green Lifestyle Local Tour Incentive Scheme. Please advise this Committee of:

- 1) the specific way in which the annual estimated expenditure of \$200 million to be injected into local tour projects is calculated;
- 2) further to the above, the trades or enterprises that the Government anticipates the \$200 million annual funding will flow into; and
- 3) the measures that the Government will put in place to ensure proper use of the annual estimated expenditure of \$200 million, and the details of such measures.

Asked by: Hon IP LAU Suk-yee, Regina (LegCo internal reference no.: 4)

Reply:

The Culture and Tourism Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area (the CTD Plan) sets out the guiding directions for the cultural and tourism development of the Guangdong-Hong Kong-Macao Greater Bay Area (GBA), including “shaping tourism with cultural activities and promoting culture through tourism”. The CTD Plan expressly supports Hong Kong in developing into an international tourism hub and a core demonstration zone for multi-destination tourism. It also suggests various measures for promoting GBA tourism development, including developing GBA-themed tourism products and itineraries, and nurturing tourism talents, etc.

To implement the guiding direction of “shaping tourism with cultural activities and promoting culture through tourism” set out in the CTD Plan, the 2022-23 Budget has earmarked \$600 million for implementing a three-year scheme entitled “Cultural and Heritage Sites Local Tour Incentive Scheme” (the scheme), which aims to encourage the travel trade to leverage the opportunities arising from Hong Kong’s rich culture and heritage resources and progressive completion of a number of major cultural and leisure facilities to develop and launch more tourism products with cultural and heritage elements, and to support the operation of the Green Lifestyle Local Tour Incentive Scheme.

The Tourism Commission (TC) will listen to the views of the travel trade and make reference to the modus operandi of the Green Lifestyle Local Tour Incentive Scheme when drawing up the details of the scheme, including the ceiling of cash incentive to be disbursed to travel agents, elements and content to be covered by the itineraries of the cultural and heritage local tours, and the requirements on the tourist guides involved, etc. We anticipate that the scheme can develop more tourist attractions and itineraries with local characteristics, and provide visitors and citizens with travel experiences that are richer in content, more immersive and higher in quality, so as to strengthen promotion of cultural tourism, heritage tourism and green tourism.

The scheme is expected to benefit some 1 600 travel agents and some 20 000 tourist guides and tour escorts through providing them with business and job opportunities, and to assist in enhancing the standards of attractions and their supporting facilities, as well as the services of tourist guides and other aspects, so as to be better prepared for the return of visitors.

In order to ensure proper use of resources, TC will enter into a service agreement with the implementation agent of the scheme and require the agent to submit progress and audit reports for monitoring implementation. Upon the stabilisation of the COVID-19 epidemic, TC will announce the details of the scheme in 2022 in due course.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)017

(Question Serial No. 0164)

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) (Miss Eliza LEE)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Financial Secretary did not mention “cruise-to-nowhere” itineraries in his Budget Speech. “Cruise-to-nowhere” itineraries have been well received by the public and brought greater benefits to travel agents. Will the Government set aside funds to promote “cruise-to-nowhere” itineraries and provide incentives for the cruise lines that have retreated from Hong Kong to operate in Hong Kong again? If yes, what are the details and the financial commitment involved? If no, what are the reasons?

Asked by: Hon IP LAU Suk-ye, Regina (LegCo internal reference no.: 5)

Reply:

Under the pandemic, the Government has been striving to create room for business for the tourism industry by striking an appropriate balance between pandemic containment and resumption of economic activities. Amongst others, “cruise-to-nowhere” (CTN) itineraries for Hong Kong residents only were allowed to resume in end-July 2021, and the passenger capacity of a cruise ship was subsequently relaxed to a maximum of 75%. As at 5 January 2022, Kai Tak Cruise Terminal (KTCT) received 88 ship calls and served over 130 000 local passengers.

In view of the worsening of the pandemic situation, the Government has tightened social distancing measures and suspended CTN itineraries since 7 January 2022. The 2 operating cruise lines have subsequently cancelled all their remaining scheduled ship calls.

Subsequently, the Government decided in February to temporarily turn KTCT into a Community Isolation Facility for receiving frail elderly COVID-19 patients referred by the Hospital Authority for isolation and temporary care.

In view of the impact of tightened social distancing measures on the tourism sector, the sixth round of Anti-epidemic Fund approved by the Finance Committee of the Legislative Council on 14 February 2022 contained several financial support measures for the sector^{Note}, including allocating \$20 million to the Hong Kong Tourism Board (HKTB) to launch a spend-to-redeem programme for CTN itineraries to foster recovery of the cruise industry. Under the programme, a local passenger may enjoy a \$500 discount when booking his or her CTN itinerary with spending of at least \$800 in physical retail or dining outlets during a specified period. The programme is expected to benefit around 40 000 local CTN passengers, cruise lines as well as travel agents selling relevant packages. In addition, HKTB has budgeted \$25.5 million in 2022-23 for promoting cruise tourism, including continuing to support cruise lines interested in operating CTN itineraries in Hong Kong, with a view to attracting more local people to participate in cruise travel. The above initiatives will also provide more incentives for cruise lines to deploy their ships to operate in Hong Kong in future. The actual deployment of resources will depend on the epidemic situation, progress of travel resumption and ship deployment of cruise lines etc.

The Government will continue to closely monitor the pandemic situation and allow orderly resumption of cruise travel when the pandemic situation has stabilised, while ensuring that public health and safety are duly safeguarded. Nevertheless, whether to operate CTN itineraries in Hong Kong is a commercial decision for individual cruise lines to take.

Note: Funding for measures under the Anti-epidemic Fund is outside the scope of the Appropriation Bill or the estimates of the General Revenue Account.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)018

(Question Serial No. 0788)

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) (Miss Eliza LEE)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

In respect of monitoring the operation of the Post Office Trading Fund (POTF) and working with Hongkong Post (HKP) on measures to improve POTF's financial position, will the Government inform this Committee:

1. whether it has monitored the preventive measures adopted by the HKP for protecting its staff from contracting COVID-19; if yes, of the details; if no, the reasons for that;
2. whether the HKP has reported the number of civil service and non-civil service contract staff contracting COVID-19 at work; if yes, of the figures;
3. whether any measures have been taken forward to improve the financial position of the POTF over the past 3 years; if yes, of the effectiveness; if no, the reasons for that; and
4. whether any resources will be allocated in the coming financial year to conduct studies on terminating the operation of the POTF and reverting HKP's status as a traditional government department so as to eliminate the deficit completely, thereby enhancing the protection for the civil servants and other staff in the HKP?

Asked by: Hon KWOK Wai-keung (LegCo internal reference no.: 1)

Reply:

Hongkong Post (HKP) has all along been according priority to safeguard the health and safety of its staff and members of the public. Taking into account the development of the epidemic, various anti-epidemic measures are implemented in a timely manner in accordance with the risk management strategy:

Strengthening the protective gear of staff and implementing special work arrangements

- In addition to the provision to the staff of adequate protective face shields, goggles, face masks, gloves, alcohol-based hand rub and alcohol-based wipes, etc., HKP has provided Rapid Antigen Test (RAT) kits to all staff (including frontline and supporting staff) since 1 March 2022. Frontline staff who have frequent contact with the public (including all counter staff in post offices, mail delivery staff and outdoor staff) are required to undergo RAT at home on every working day before they return to work, and they can return to workplace only if they are tested negative.
- Besides, HKP has arranged all pregnant staff to work from home, and deployed staff with chronic illness to take up duties with less contact with others as far as practicable.

Enhanced cleansing and disinfection in work premises and postal facilities

- Whenever there is a confirmed case of staff, HKP will take into account the staff's last working day to conduct fogging disinfection in the work premises concerned. For work premises with quite a number of confirmed cases recorded within a short period of time, fogging disinfection for the whole building (including the HKP Headquarters and the Central Mail Centre (CMC)) would be conducted during non-office hours for once or multiple times, with a view to minimising the risk of spreading COVID-19.
- Furthermore, HKP has contacted the Electrical and Mechanical Services Department (EMSD) to inspect air-conditioning systems in postal facilities to ensure their proper functioning with adequate supply of fresh air and to conduct cleansing and disinfection at the same time. EMSD has completed cleansing and disinfection work of the air-conditioning systems at the two major mail processing centres (namely the Air Mail Centre and the CMC) and about 110 work premises in the post offices, delivery offices, etc. in various districts, and will continue the work in the remaining work premises of HKP.

Infection control measures implemented in postal facilities

- HKP has been implementing various measures on social distancing and infection control in all postal facilities, including the regular application of durable anti-microbial coating in all 120 post offices, post office box lobbies and other self-service collection and posting facilities (iPostal Stations and iPostal Kiosks), installation of partitions on writing desks and at service counters in the lobbies of post offices, and acceptance of contactless payment methods.

Adjustments to delivery services to reduce contact

- Having regard to the development of the epidemic situation, HKP has implemented a number of measures for mail delivery to reduce contact between frontline delivery staff and recipients, which include the reduction of door delivery service amid the peak of the epidemic (delivering small-sized mail items requiring signature for receipt into letter boxes and placing other large-sized mail items requiring signature for receipt outside the doors of the recipients' addresses as far as practicable) and cancellation of the requirement for recipients' signature for door delivery of mail items.

- Besides, for buildings / premises covered in the compulsory testing notices, mail delivery service is temporarily suspended during the testing dates; whereas for buildings with residents tested positive in the past 14 days, HKP only maintains mail delivery service to the letter boxes in the lobbies.

HKP has been reporting regularly to the Commerce and Economic Development Bureau and the Civil Service Bureau on the number of staff who have contracted COVID-19. As at 1 April 2022, a total of 1 946 staff of HKP were confirmed positive or tested positive under RAT, including 1 459 civil servants and 487 Non-Civil Service Contract staff. As at the same date, amongst these staff, 1 864 have recovered and resumed duty. HKP is unable to ascertain the reasons for the staff's infection.

HKP's operating environment has been greatly affected since the outbreak of COVID-19 in early 2020. In 2020 and 2021, the air freight and logistics industry continued to suffer from the epidemic-related restrictions which hindered international mail delivery. The air freight capacity has been significantly reduced and HKP's ability to transport international mails has been constrained considerably. The situation worsened further in 2021. Apart from air conveyance cost, sea conveyance cost of surface mail increased significantly due to the global disruption in sea traffic and short supply of containers. The average volume of international outbound traffic in 2020-21 and 2021-22 (as at the end of January 2022) dropped significantly by 30% compared with that in 2019-20, whereas over the same period, there was an unprecedented rise in conveyance costs by an average of 70% in both air mail and surface mail. Amid the challenges posed to the operating environment, HKP has strived to develop more realistic and achievable services on one hand and made every effort to contain its operating costs on the other, through the following revenue generating and cost saving measures:

Revenue generating measures

- Continue to strengthen the sales and marketing team and explore and implement new business strategies to capture the booming e-commerce market in the Guangdong-Hong Kong-Macao Greater Bay Area and boost revenue, including grasping the opportunities of the inbound mail traffic from different parts of the world via Hong Kong to the Mainland, expanding the service coverage of new cargo mode solutions for outbound traffic, further collaboration with other postal administrations and e-commerce platforms for special lanes service in key markets, and leveraging HKP's competitive edge of extensive local delivery network to provide customised local delivery solutions.

Cost saving measures

- Continue to save cost and enhance operation efficiency through measures such as streamlining manpower deployment for delivery work and integrating different types of mail delivery work and the postal fleet. HKP has also been investing more in the application of technologies to offer more self-service facilities, improve customers' experience as well as introduce artificial intelligence sorting machines for processing large-sized packages.

As the epidemic continues to unfold, unforeseen changes in the postal landscape will continue to evolve that will affect the performance of Post Office Trading Fund (POTF). HKP will continue to strive its best to develop realistic and achievable services to boost revenue, and implement cost saving measures to improve the financial performance of POTF.

Currently, the Government has no plan to change the trading fund operation mode of HKP. The main difference between a traditional vote-funded Government department and a trading fund department is on resources management, but trading fund operation will not reduce the pay and benefits of civil servants and other employees working in the relevant department. Under the trading fund operation model, a department can retain the revenue generated by its business to offset its costs of service provision. This model allows HKP to allocate resources more flexibly to fulfil its role of being a logistics service provider, to react quickly to meet the market needs and to provide appropriate services to the public and businesses. Moreover, it allows flexible deployment of manpower to address significant fluctuation in mail traffic volume from time to time. With its profitable services, HKP could subsidise the basic public postal services, thereby enabling the public and businesses to enjoy efficient services at a reasonable price.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)019****(Question Serial No. 0131)**

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) (Miss Eliza LEE)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

To support Hong Kong enterprises in developing the domestic sales market in the Guangdong-Hong Kong-Macao Greater Bay Area, the Hong Kong Trade Development Council (HKTDC) launched the “GoGBA” digital platform in June 2021. In this connection, please inform this Committee of the following:

- (a) the amount of funding received and the number of staff employed since the establishment of the “GoGBA” platform;
- (b) the numbers of enquiries received and successful cases handled by the “GoGBA” platform;
- (c) the numbers of activities organised, participants and attendances as well as the amount of activity expenditure; and
- (d) the amount of funding received, number of staff employed and number of cases handled by the “HKTDC GBA Centre”.

Asked by: Hon LAI Tung-kwok (LegCo internal reference no.: 3)

Reply:

The Hong Kong Trade Development Council (HKTDC) launched in June 2021 the GoGBA one-stop digital platform, including the “GoGBA” website and WeChat mini-programme, to provide important business and trade information about the Guangdong-Hong Kong-Macao Greater Bay Area and a wide range of practical tools (such as market insights, policies and regulations, subsidies, business networks and city overviews, etc.) as well as practical tools for business trips (such as transport updates, public services and a day counter on the length of stay, etc.). As at early March 2022, around 90 000 views of the “GoGBA” WeChat mini-programme were recorded.

Since its establishment in Shenzhen in June 2021, the “HKTDC GBA Centre” has organised about 30 activities (including seminars/workshops, professional training and business missions) up to early March 2022, and provided Hong Kong enterprises with market consultation, policy consultation, industry-related updates and business matching. About 1 800 Hong Kong businessmen have patronised the Centre’s services and participated in its activities.

The above work has been subsumed under the overall estimated expenditure and staff establishment of the HKTDC, and cannot be quantified separately.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)020

(Question Serial No. 0668)

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) (Miss Eliza LEE)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is mentioned under Head 152 that one of the initiatives of the Commerce and Economic Development Bureau is to continue to oversee the implementation of a series of initiatives to develop Hong Kong into a regional intellectual property (IP) trading centre. In this connection, will the Government inform this Committee of the following:

- (a) the expenditure and specific measures on promoting IP trading in 2021-22;
- (b) the estimated expenditure and specific measures on promoting IP trading in 2022-23; and
- (c) the specific work plan for exploring with the Mainland authorities facilitation measures for cross-boundary IP protection?

Asked by: Hon LAM Shun-chiu, Dennis (LegCo internal reference no.: 11)

Reply:

The Government has been actively working with stakeholders on the implementation of various measures to promote intellectual property (IP) commercialisation and IP trading in Hong Kong, and to strengthen Hong Kong's role as a regional IP trading centre. Latest progress of the relevant measures is as follows:

- 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 every year since 2013. The 2021 Forum was held online on 2 and 3 December 2021, and attracted over 14 000 participants of different sectors from over 40 countries and regions joining the Forum online. The 2022 Forum will be held on 1-2 December 2022;

- the Intellectual Property Department (IPD) has launched the IP Manager Scheme for small and medium enterprises (SMEs) since May 2015 with a view to enhancing their IP manpower capacity and boosting competitiveness through IP management and commercialisation. In April 2016, IPD also launched the IP Manager Practical Workshop for those who have attended the aforesaid training programmes. To meet the development needs of the enterprises, IPD launched the IP Manager Scheme PLUS in October 2020 to provide more comprehensive and in-depth IP training courses and practical workshops. Up to February 2022, more than 3 900 and 580 participants from over 3 400 SMEs had taken part in these training courses and practical workshops respectively. IPD will enhance the above Scheme and training courses to assist different sectors (e.g. innovation and design sectors) to strengthen their IP knowledge;
- IPD has been providing free IP consultation services for SMEs. From the pilot launch of the initiative in December 2014 to February 2022, over 540 SMEs had participated in the initiative. IPD will liaise with the IP Committee of the Law Society of Hong Kong to explore further promotion of the free IP consultation services;
- in collaboration with the Hong Kong Mediation Centre and the International Dispute Resolution and Risk Management Institute, IPD held a training course on Mediation on IP Disputes in August 2021 to enhance mediators' understanding on the use of mediation to resolve IP disputes in Hong Kong and the Mainland. The course was attended by 185 participants. IPD will continue to work with the Department of Justice and relevant stakeholders to promote the use of arbitration and mediation services to resolve IP disputes, including organising relevant training courses for SMEs and the trade;
- in October 2021, IPD released publicity videos to promote Hong Kong's competitive edge of developing into a regional IP trading centre under the auspices of the National 14th Five-Year Plan, and the supporting services provided by IPD. IPD will work with Radio Television Hong Kong to produce a series of television programmes to strengthen the promotion of the national support for Hong Kong to develop into a regional IP trading centre. The programmes have been tentatively scheduled for broadcast in April 2022 to tie in with the promotion activities of the World IP Day 2022; and
- IPD has been working closely with the IP authorities of the Mainland to promote IP protection, management and trading under various collaborative frameworks such as the Guangdong/Hong Kong Expert Group on the Protection of IP Rights and the Pan-Pearl River Delta Cooperation. To enhance cross-boundary cooperation on IP trading and services, IPD plans to strengthen the IP cooperation programmes related to the development of the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) when the pandemic stabilises, and encourages GBA enterprises to make use of Hong Kong's intermediary services, such as IP agencies, management and consulting, legal services, arbitration, mediation, accounting, etc.

On facilitation measures for cross-boundary IP protection, the Guangdong Administration for Market Regulation (Guangdong Intellectual Property Administration) (GDIPA) has, with IPD's assistance, set up the first batch of 12 enquiry points in 8 GBA cities since October 2021, providing general enquiry service to Mainland residents on matters related to

IP registration in Hong Kong. GDIPA and IPD will review the progress of implementation of the service and explore the feasibility of enhancing the depth and breadth of the service. To facilitate Hong Kong residents to obtain the latest information on IP related to the Mainland, both sides will also consider providing similar service in Hong Kong. In addition, IPD is exploring with the China National Intellectual Property Administration the feasibility of expediting the processing of patent applications filed in the Mainland by Hong Kong applicants or enterprises.

Some of the above measures are implemented as part of IPD's regular work and will continue to be carried out with existing resources. IPD's recurrent provision has been increased by \$5.4 million since 2018-19 for the Department to plan and promote IP trading (such as the provision of support services to SMEs, manpower capacity training, and publicity work) in an on-going basis.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)021

(Question Serial No. 0082)

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) (Miss Eliza LEE)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Regarding “continue to work with relevant government departments, including the Agriculture, Fisheries and Conservation Department and the Civil Engineering and Development Department, to strengthen the appeal of heritage and green tourism offerings in Hong Kong”, please advise this Committee of:

1. the details and expenditures on enhancement to heritage and green tourism offerings in Hong Kong over the past 2 years;
2. the details and expenditures on enhancement to heritage and green tourism offerings in Hong Kong for the coming year;
3. the manpower involved in such enhancement work; and
4. the details of training programmes on heritage and green tourism, e.g. the estimated expenditures and number of beneficiaries involved, and whether organisations like self-financing institutions will be involved.

Asked by: Hon LAM Siu-lo, Andrew (LegCo internal reference no.: 7)

Reply:

The Tourism Commission (TC) has been working with relevant government departments, including the Agriculture, Fisheries and Conservation Department (AFCD) and the Civil Engineering and Development Department (CEDD), to strengthen the appeal of heritage and green tourism offerings in Hong Kong through enhancing tourism supporting facilities of hiking trails and the facilities of the Wong Nai Chung Gap Trail (WNCGT) which has war relics and other components of local history; developing a hiking hub in Lantau and planning for a similar development at Pak Tam Chung; launching “Yim Tin Tsai Arts Festival”, an arts cum historical, cultural and green tourism project at Yim Tin Tsai;

face-lifting of Yim Tin Tsai Pier and Ma Liu Shui Ferry Pier; upgrading the facilities in the Hong Kong Wetland Park (HKWP); and launching the “City in Time”, a tourism project making use of augmented reality and multimedia creative technology. Details and estimated expenditure of the aforementioned tourism products are as follows:

Tourism Products	Details and Estimated Expenditure
(1) “Enhancement of Hiking Trails” Phase I	<ul style="list-style-type: none"> • TC, in collaboration with AFCD, has been taking forward “Enhancement of Hiking Trails - Phase I” from 2018-19 to 2022-23, to enhance tourism supporting facilities of 10 hiking trails in country parks which are popular and with tourism appeal. The funding for the project is \$75 million for 5 years. • Enhancement works mainly include improvement to existing hiking trail network, control of soil erosion at trails, enhancement of vegetation coverage, addition of lookout points, enrichment of visitor information, etc. • The hiking trails with enhancement works completed in 2020-21 and 2021-22 are Dragon’s Back (Shek O Country Park), Shing Mun Reservoir Walk (Shing Mun Country Park), Lantau Trail Section 2 (Lantau South Country Park), MacLehose Trail Section 4 (Ma On Shan Country Park), Wilson Trail Section 2 (Tai Tam Country Park and Tai Tam Country Park (Quarry Bay Extension)) and Sharp Island Country Trail (Kiu Tsui Country Park). Enhancement works on the tenth hiking trail (i.e. Lau Shui Heung to Hok Tau Twin Reservoirs Walk (Pat Sin Leng Country Park)) commenced in late 2021, and are expected to complete in the fourth quarter of 2022.
Phase II	<ul style="list-style-type: none"> • TC, in collaboration with AFCD, has been taking forward “Enhancement of Hiking Trails - Phase II” from 2021-22 to 2025-26, to enhance the tourism supporting facilities of another 10 hiking trails with a view to further enriching green tourism resources. The funding for the project is \$55 million for 5 years, and enhancement works are similar to those of Phase I. • The 10 hiking trails are Lion Rock Historic Walk (Lion Rock Country Park), Shing Mun Historic Walk (Shing Mun Country Park), Aberdeen Reservoirs Walk (Aberdeen Country Park), Lantau Trail Section 3 (Lantau South Country Park), Wang Tsat Ancient Trail (Pat Sin Leng Country Park), Luk Keng War Relics Trail (Pat Sin Leng Country Park), Pak Tam Chung to Tai Tun (Sai Kung West Country Park), Twisk to Shek Lung Kung (Tai Lam Country Park), Tai Tong to

Tourism Products	Details and Estimated Expenditure
	<p>Wong Nai Tun Reservoir (Tai Lam Country Park) and Tai To Yan (Lam Tsuen Country Park).</p> <ul style="list-style-type: none"> Enhancement works on Tai Tong to Wong Nai Tun Reservoir and Lion Rock Historic Walk commenced in late 2021, and are expected to complete in the first quarter of 2023.
(2) Upgrading the facilities of WNCGT	<ul style="list-style-type: none"> TC, in collaboration with AFCD, the Architectural Services Department (ArchSD) and other relevant departments, has worked out the proposal for upgrading the facilities of WNCGT, including improvement works of tourism supporting facilities, repair works of damaged paths, etc. The estimated expenditure of works is \$4 million. ArchSD has appointed a consultant to make preparation before works commence, including the design proposal for tourism supporting facilities, details of the tender exercise, etc. It is expected that works will commence in the third quarter of 2022 for completion in the first quarter of 2023.
(3) Development of a hiking hub in Lantau	<ul style="list-style-type: none"> Renovation of the Ngong Ping Nature Centre (the Centre) was completed in end November 2021. To enrich visitors' travel experience in Lantau, the renovated Centre offers interactive exhibits to provide visitors with hiking information as well as new map and hiking pole lending services, and provides members of the public with guided tour services. The cost of the renovation works and the estimated operating cost of the renovated Centre for the first two financial years are about \$6.1 million. Besides, the Government commenced improvement works on the hiking trails near the Centre in 2019. Works include improving some sections of Nei Lak Shan Country Trail and Lantau Trail, enhancing visitor signage, as well as expanding and constructing viewing platforms. The works on enhancing visitor signage and part of the improvement works on hiking trail sections have been completed, while the remaining works are expected to be completed in phases within 2022. The estimated expenditure of works is around \$15 million.
(4) Planning study of developing Pak Tam Chung into a green tourism hub	<ul style="list-style-type: none"> TC, in collaboration with AFCD and ArchSD, is conducting a planning study of developing Pak Tam Chung into a green tourism hub to further promote green tourism. The consultant engaged by AFCD is expected to complete the planning study by the first quarter of 2022. Taking into account the findings of the study, we would draw up an implementation plan.

Tourism Products	Details and Estimated Expenditure
(5) “Yim Tin Tsai Arts Festival”	<ul style="list-style-type: none"> • “Yim Tin Tsai Arts Festival” commenced in 2019 and was a three-year pilot arts cum cultural, historical and green tourism project organised at Yim Tin Tsai, Sai Kung by TC through collaboration amongst artists, youngsters and Yim Tin Tsai villagers. • Spanning over 3 phases, the Arts Festival completed in July 2021. Some of the artworks showcased have become permanent exhibits for visitors’ appreciation. The Arts Festival was well received by the media and the public. During the 3 phases, the number of visitors as well as the participants joining guided tours and programmes was close to 210 000. Through the Arts Festival, Yim Tin Tsai has become a tourist attraction, thereby revitalising the island as well as the community there. The total cost of the project is around \$28 million. • TC is preparing to launch a second phase of “Yim Tin Tsai Arts Festival” from 2022 to 2024, which will progressively expand to neighbouring islands in Sai Kung. The funding for the project is \$40 million for 3 years. TC already identified a suitable curatorial organisation through open tender in early 2022.
(6) Face-lifting of Yim Tin Tsai Pier and Ma Liu Shui Ferry Pier	<ul style="list-style-type: none"> • TC, in collaboration with CEDD, has been carrying out improvement works on the Yim Tin Tsai Pier and the Ma Liu Shui Ferry Pier, the latter of which is a gateway to the Hong Kong UNESCO Global Geopark, with a view to improving the supporting facilities of green attractions at remote areas. The improvement works cover new roof canopy, benches, railings, pier name plate, floor paving, information board, provision of free public Wi-Fi service, etc. • The face-lifting works on the Yim Tin Tsai Pier commenced in November 2021 for completion in the second half of 2022. The estimated expenditure of works is around \$9 million. • The face-lifting works on the Ma Liu Shui Ferry Pier were completed in February 2022. The cost of works is around \$6 million.
(7) Upgrading of the facilities in HKWP	<ul style="list-style-type: none"> • TC, in collaboration with AFCD, has drawn up an implementation plan for upgrading the exhibition and visitor facilities in HKWP and has obtained funding approval from the Legislative Council, totalling \$135 million, to take forward the plan. The upgrading works commenced in September 2021, and are expected to complete in phases tentatively from the fourth quarter of 2022 to the fourth

Tourism Products	Details and Estimated Expenditure
	quarter of 2024.
(8) “City in Time” - Tourism project making use of creative and multimedia technology	<ul style="list-style-type: none"> • “City in Time” is a project which TC partners with the School of Creative Media, City University of Hong Kong, and it involves using augmented reality and creative multimedia technology through mobile application to bring back to life the history of individual landmarks of Hong Kong, and to enable visitors to understand the historical landscape and community culture, thereby enhancing their experience in Hong Kong. Phase I of the project was launched in March and April 2021 at 28 spots in the Central, Jordan, the Peak, Sham Shui Po, Tsim Sha Tsui and Yau Ma Tei areas. The total cost of the project is about \$21 million. • TC is preparing to launch Phase II in other districts from 2022 to 2024. The funding for the project is \$32 million for 3 years.

The staffing for the above projects is absorbed by the existing establishment of the Commerce, Industry and Tourism Branch under the Commerce and Economic Development Bureau and the relevant departments, which cannot be quantified separately.

The Government allocated \$4 million funding in 2021-22 to the Travel Industry Council of Hong Kong for it to enhance in 2022 and 2023 training for the travel trade, e.g. developing e-learning. The training can cover various topics, including culture, heritage, etc. In addition, the 2022-23 Budget has earmarked \$60 million for funding the training of tourism practitioners for 3 years, with a view to further improving the professional standards and service quality of the industry, and assisting the trade in nurturing talents in areas such as cultural and heritage tourism for supporting the long term development of the industry. The scheme is expected to benefit some 20 000 tourist guides and tour escorts. TC will listen to the views of the travel trade and formulate the details of the scheme, and will, upon the stabilisation of the COVID-19 epidemic, announce the details in 2022 in due course.

The Employees Retraining Board (ERB) also offers 6 “eco-tour” and heritage related courses under “the Skills Upgrading Courses” for “tourism” industry for eligible persons to enroll. In 2022-23, ERB has reserved 330 training places of Skills Upgrading Courses for the tourism industry category, with a view to enhancing the knowledge and skills of travel practitioners on green tourism and nature tours. ERB does not maintain a separate breakdown of estimated expenditure for the relevant courses.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)022

(Question Serial No. 0083)

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) (Miss Eliza LEE)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Regarding the work to take forward new initiatives implementing the directions set out in the Culture and Tourism Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area and the Development Blueprint for Hong Kong's Tourism Industry, including launching 2 funding schemes to encourage the tourism trade to develop and launch more tourism products with cultural and heritage tourism elements, and enhance training for tourism practitioners respectively, please advise this Committee of:

1. the details of the 2 funding schemes mentioned above, such as the numbers of beneficiaries and the estimated expenditures involved;
2. the details of tourism practitioners expected to be benefitted and the training programmes involved; and
3. whether there is any plan to "tell the stories of Hong Kong and the Greater Bay Area well"; if so, of the details; if not, the reasons for that?

Asked by: Hon LAM Siu-lo, Andrew (LegCo internal reference no.: 8)

Reply:

The Culture and Tourism Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area (the CTD Plan) sets out the guiding directions for the cultural and tourism development of the Guangdong-Hong Kong-Macao Greater Bay Area (GBA), including "shaping tourism with cultural activities and promoting culture through tourism". It echoes with the strategies for the long term development of tourism put forward in the Development Blueprint for Hong Kong's Tourism Industry (the Blueprint) promulgated by the Government in 2017. The CTD Plan expressly supports Hong Kong in developing into an international tourism hub and a core demonstration zone for multi-destination tourism.

It also suggests various measures for promoting GBA tourism development, including developing GBA-themed tourism products and itineraries, and nurturing tourism talents, etc. The Blueprint also focuses on long term development direction, including nurturing and developing tourism products and initiatives with local and international characteristics, e.g. cultural tourism, heritage tourism, green tourism, and creative tourism and upgrading the service quality of the tourism industry, etc.

To implement the guiding direction of “shaping tourism with cultural activities and promoting culture through tourism” set out in the CTD Plan and the development strategy of nurturing more tourist attractions and itineraries with local characteristics set out in the Blueprint, the 2022-23 Budget has earmarked \$600 million for implementing a three-year scheme entitled “Cultural and Heritage Sites Local Tour Incentive Scheme”, which aims to encourage the travel trade to leverage the opportunities arising from Hong Kong’s rich culture and heritage resources and progressive completion of a number of major cultural and leisure facilities to develop and launch more tourism products with cultural and heritage elements, and to support the operation of the Green Lifestyle Local Tour Incentive Scheme. The Budget has also earmarked \$60 million for funding the training of tourism practitioners for 3 years, with a view to further improving the professional standards and service quality of the industry, and assisting the trade in nurturing talents in areas such as cultural and heritage tourism for supporting the long term development of the industry.

The 2 schemes will provide the travel trade and practitioners with business and job opportunities, and will assist to enhance the standards of attractions and their supporting facilities, as well as the services of tourist guides and other aspects, so as to be better prepared for the return of visitors. The schemes are expected to benefit some 1 600 travel agents and some 20 000 tourist guides and tour escorts. The Tourism Commission will listen to the views of the travel trade and formulate the details of the 2 schemes, and will, upon the stabilisation of the COVID-19 epidemic, announce the details in 2022 in due course.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)023****(Question Serial No. 0577)**

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) (Miss Eliza LEE)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Financial Secretary said in the Budget Speech that a total funding of \$135 million will be allocated to the Hong Kong Trade Development Council (HKTDC) to introduce the Support Scheme for Pursuing Development in the Mainland (the Scheme) to assist in seizing business opportunities in the Mainland. It will focus on those Mainland cities with larger numbers of Hong Kong business people and workers, with priority accorded to the Greater Bay Area. Through the HKTDC's network of offices in the Mainland, training and exchange programmes, business missions as well as promotion activities will be organised in partnership with various Hong Kong business organisations in the Mainland including business chambers, professionals' groups and associations of young entrepreneurs. In this connection, will the Government inform this Committee of:

1. details of the Scheme and the implementation timetable; and
2. policies which it plans to introduce to facilitate Mainland-based business chambers, professionals' groups and associations of young entrepreneurs which have no business registration in Hong Kong to take part in the Scheme?

Asked by: Hon LEE Chun-keung (LegCo internal reference no.: 5)

Reply:

From 2022-23 to 2024-25, the Government will provide an additional funding of \$45 million per annum (i.e. a total of \$135 million over 3 years) to the Hong Kong Trade Development Council (HKTDC) for implementing the Support Scheme for Pursuing Development in the Mainland (the Scheme). The HKTDC will strive to strengthen its support to Hong Kong businessmen, professional services practitioners and entrepreneurs already set foot in the Mainland to develop the Mainland market under the Scheme. Through its network of Mainland offices, the HKTDC will partner with relevant

Mainland-based Hong Kong business organisations to organise a series of practical activities covering different business and professional areas, including online and offline training, exchange programmes, business missions as well as promotion activities. Together with the mega promotional business and trade events organised or participated by the HKTDC in the Mainland, such activities will deepen Hong Kong enterprises' understanding of the Mainland's business environment and market, thereby facilitating their business development and expansion of network to different cities and regions, and better integrating into the overall development of the nation.

The Scheme will mainly target Mainland markets with the presence of more Hong Kong businesses, including cities in the Guangdong-Hong Kong-Macao Greater Bay Area (such as Guangzhou and Shenzhen) and other markets with good potential (such as Beijing, Shanghai, Wuhan, Chengdu and Chongqing).

The Scheme will be launched in 2022-23. The HKTDC's Mainland offices will organise the activities in collaboration with relevant Mainland-based Hong Kong business organisations including Hong Kong business chambers, professionals' groups and associations of young entrepreneurs (whether or not their businesses are registered in Hong Kong) as soon as possible, and exercise flexibility having regard to the epidemic situation and needs of the trade, including organising activities in online or hybrid formats, with a view to meeting the needs of Hong Kong enterprises in the Mainland.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)024

(Question Serial No. 0597)

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) (Miss Eliza LEE)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is mentioned in paragraph 118 of the Budget Speech that a total funding of \$135 million will be allocated to the Hong Kong Trade Development Council (HKTDC) over the next 3 years to introduce the Support Scheme for Pursuing Development in the Mainland (the Scheme) to assist in seizing business opportunities in the Mainland. It will focus on those cities with larger numbers of Hong Kong business people and workers, with priority accorded to the Greater Bay Area. Through the HKTDC's network of offices in the Mainland, training and exchange programmes, business missions as well as promotion activities will be organised in partnership with various Hong Kong business associations including business chambers, professionals' groups and associations of young entrepreneurs in the Mainland. In this connection, will the Government inform this Committee of the following:

1. please set out details of the Scheme, including the eligibility criteria and Mainland cities and provinces to be covered;
2. the expected effectiveness of the Scheme, including the estimated number Hong Kong business organisations in the Mainland to be benefited and the estimated number of activities to be organised with the support of the Scheme; and
3. whether it will consider including those Mainland cities having smaller numbers of Hong Kong business people and workers as well in order to develop new markets? If so, what are the details? If no, what are the reasons?

Asked by: Hon LEE Hoey Simon (LegCo internal reference no.: 5)

Reply:

From 2022-23 to 2024-25, the Government will provide an additional funding of \$45 million per annum (i.e. a total of \$135 million over 3 years) to the Hong Kong Trade Development Council (HKTDC) for implementing the Support Scheme for Pursuing Development in the Mainland (the Scheme). The HKTDC will strive to strengthen its support to Hong Kong businessmen, professional services practitioners and entrepreneurs already set foot in the Mainland to develop the Mainland market under the Scheme. Through its network of Mainland offices, the HKTDC will partner with relevant Mainland-based Hong Kong business organisations to organise a series of practical activities covering different business and professional areas, including online and offline training, exchange programmes, business missions as well as promotion activities. Together with the mega promotional business and trade events organised or participated by the HKTDC in the Mainland, such activities will deepen Hong Kong enterprises' understanding of the Mainland's business environment and market, thereby facilitating their business development and expansion of network to different cities and regions, and better integrating into the overall development of the nation.

The HKTDC's Mainland offices will organise the activities in collaboration with relevant Mainland-based Hong Kong business organisations as soon as possible, and exercise flexibility having regard to the epidemic situation and needs of the trade, including organising activities in online or hybrid formats. The number of business organisations involved and activities planned will vary depending on the nature, target sector or location of individual activities.

As the Scheme aims to support Hong Kong businessmen, professional services practitioners and entrepreneurs already set foot in the Mainland, it will mainly target Mainland markets with the presence of more Hong Kong businesses, including cities in the Guangdong-Hong Kong-Macao Greater Bay Area (such as Guangzhou and Shenzhen) and other markets with good potential (such as Beijing, Shanghai, Wuhan, Chengdu and Chongqing).

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)025

(Question Serial No. 0683)

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) (Miss Eliza LEE)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is mentioned under the Matters Requiring Special Attention in 2022-23 that the Branch will “review the way forward of the legislative proposal to stipulate a statutory cooling-off period for certain consumer contracts, as well as the timing for introducing the legislation”. In this connection, will the Government inform this Committee of the following:

1. the original timetable of introducing the bill to implement a mandatory cooling-off period into the Legislative Council (LegCo) for consideration;
2. whether it intends to postpone the introduction of the bill into the LegCo for consideration; and
3. if considering the postponement, the justifications and whether it will assess the impact on the general public; and if so, the manpower and expenditure involved in the relevant work?

Asked by: Hon LEUNG Tsz-wing, Dennis (LegCo internal reference no.: 1)

Reply:

The Commerce and Economic Development Bureau (CEDB) launched a three-month public consultation in 2019 to solicit views on the proposal to stipulate a statutory cooling-off period for beauty and fitness services consumer contracts through legislation. However, shortly after the completion of the public consultation, there have been drastic changes in social environment, economic situation and consumption sentiment since the second half of 2019. We have to examine the details of the legislative proposal and critically review the timing for introducing the legislation, having regard to the prevailing circumstances.

The staffing and expenditure of the CEDB in relation to handling the work for the legislative proposal 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)026****(Question Serial No. 0684)**

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) (Miss Eliza LEE)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The following matters are mentioned in Matters Requiring Special Attention in 2022-23, will the Government advise this Committee of the following:

1. The Branch will “organise and co-ordinate events in the tourism sector to celebrate the 25th Anniversary of the Establishment of the Hong Kong Special Administrative Region”. What is the progress? Will there be massive celebration activities? Is there any back up plan in response to changes in the epidemic situation?
2. The Branch will “take forward new initiatives implementing the directions set out in the Culture and Tourism Development Plan for the Greater Bay Area and the Development Blueprint, including launching two funding schemes to encourage the tourism trade to develop and launch more tourism products with cultural and heritage tourism elements, and enhance training for tourism practitioners respectively”. In the past 2 years, how many tourism products were developed, and how many practitioners have received training under the two funding schemes? What is the amount of subsidy given to each tourism product?
3. The Branch will “continue to work with the Travel Industry Council of Hong Kong (TIC) on regulation of travel agents, tourist guides and tour escorts under the existing regulatory regime of the travel industry”. In the past 2 years, did the TIC put in place any measures to support tourist guides and tour escorts? If yes, what are the details and the amount involved? If no, what are the Government’s measures to assist the tourist guides and tour escorts who have been idle due to the epidemic?
4. The Branch will “continue to support the Travel Industry Authority in its preparation for the full implementation of the new regulatory regime for the travel industry, including taking over the functions of the Travel Agents Registry and regulatory functions of the TIC”. What is the progress? When will the preparation work be completed?

Asked by: Hon LEUNG Tsz-wing, Dennis (LegCo internal reference no.: 2)

Reply:

The Tourism Commission (TC) under the Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch) has been organising and co-ordinating events in the tourism sector to celebrate the 25th Anniversary of the Establishment of the HKSAR. Among others, the Hong Kong Tourism Board (HKTB) organised the “Hong Kong New Year Countdown Concert” at the New Year’s Eve of 2021, which marked the beginning of the celebration for the HKSAR’s 25th Anniversary. Subject to safe and public health conditions, HKTB plans to relaunch physical mega events such as “Hong Kong Cyclothon” and “Hong Kong Wine and Dine Festival”, etc. later this year and include in various mega events elements of the HKSAR’s 25th Anniversary. HKTB will also roll out special discounts and offerings together with tourism related sectors.

Regarding the new initiatives for taking forward the Culture and Tourism Development Plan for Guangdong-Hong Kong-Macao Greater Bay Area and the Development Blueprint for Hong Kong’s Tourism Industry, the 2022-23 Budget has earmarked \$600 million for implementing a three-year scheme entitled “Cultural and Heritage Sites Local Tour Incentive Scheme”, which aims to encourage the travel trade to leverage the opportunities arising from Hong Kong’s rich culture and heritage resources and progressive completion of a number of major cultural and leisure facilities to develop and launch more tourism products with cultural and heritage elements, and to support the operation of the Green Lifestyle Local Tour Incentive Scheme. The Budget has also earmarked \$60 million for funding the training of tourism practitioners for 3 years, with a view to further improving the professional standards and service quality of the industry, and assisting the trade in nurturing talents in areas such as cultural and heritage tourism for supporting the long term development of the industry.

The 2 schemes will provide the travel trade and practitioners with business and job opportunities, and will assist to enhance the standards of attractions and their supporting facilities, as well as the services of tourist guides and other aspects, so as to be better prepared for the return of visitors. The schemes are expected to benefit some 1 600 travel agents and some 20 000 tourist guides and tour escorts. TC will listen to the views of the travel trade and formulate the details of the 2 schemes, and will, upon the stabilisation of the COVID-19 epidemic, announce the details in 2022 in due course.

In respect of measures for supporting tourist guides and tour escorts, the Government allocated \$6.85 million to the Travel Industry Council of Hong Kong (TIC) to provide subsidies under the Training Programme Subsidy Scheme since October 2019 to subsidise eligible organisations to implement training activities, and to subsidise tourist guides up to \$1,000 each in completing the Continuing Professional Development Scheme (CPD Scheme) for renewing their passes. As at end February 2022, TIC disbursed subsidies to 3 organisations and about 3 500 tourist guides involving about \$24,000 and \$3.17 million respectively. Besides, tourist guides and tour escorts may also apply to TIC for training subsidies under the Development Fund for the Travel Industry established by the Airport Authority Hong Kong in 2017, at a subsidy level of 70% of course fee. The Development Fund has so far disbursed about \$430,000 subsidy for training activities. Given the impact

of social distancing measures on training activities, TIC is exploring to hold part of its courses and activities online so as to facilitate tourist guides in completing the CPD Scheme for renewing their tourist guide passes during the epidemic.

In respect of preparations for establishing the new regulatory regime of the travel industry, the Travel Industry Authority (TIA) is pressing ahead in full steam the relevant work, including making necessary subsidiary legislation in accordance with the Travel Industry Ordinance (Cap. 634) (the Ordinance), directives applicable to licensees as well as other proposals related to the implementation of the new regulatory regime, etc. TIA completed on 5 April 2022 the two-month trade consultation on the details of the new regulatory regime of the travel industry. The Government and TIA expect that the subsidiary legislation to be made under the Ordinance would be submitted to the Legislative Council in the second quarter of 2022 for negative vetting, with a view to making the final preparation for the full implementation of TIA within 2022.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)027

(Question Serial No. 0204)

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) (Miss Eliza LEE)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Under Programme (3), one of the Matters Requiring Special Attention in 2022-23 is helping Hong Kong and international businesses capitalise on the opportunities offered by the National 14th Five-Year Plan with the Greater Bay Area (GBA) development as a central theme. In addition, it is mentioned in paragraph 118 of the Budget Speech that the HKSAR Government will allocate a total funding of \$135 million to the Hong Kong Trade Development Council (HKTDC) over the next 3 years for the introduction of the Support Scheme for Pursuing Development in the Mainland (the Scheme), with a view to facilitating Hong Kong businessmen in seizing the business opportunities in the Mainland, with priority accorded to the GBA, through the HKTDC's network of offices in the Mainland. In this connection, please inform this Committee of the following:

1. What are the details of the manpower and expenditure involved in the Scheme as well as its implementation timetable?
2. What are the specific details of the Scheme in respect of helping local enterprises tap into the business opportunities in the Mainland?
3. How does the Government ensure that the funding will benefit a wide range of enterprises from different sectors? Has any performance indicator been developed to evaluate the effectiveness of the Scheme?
4. The HKTDC has set up 13 offices in the Mainland, including two offices in the GBA. To take forward the strategy of taking the GBA as an entry point to explore the Mainland market, does the HKTDC have any plan to establish new office(s) in the GBA so as to further enhance the collaboration network between Hong Kong and the GBA?

Asked by: Hon LIAO Cheung-kong, Martin (LegCo internal reference no.: 5)

Reply:

From 2022-23 to 2024-25, the Government will provide an additional funding of \$45 million per annum (i.e. a total of \$135 million over 3 years) to the Hong Kong Trade Development Council (HKTDC) for implementing the Support Scheme for Pursuing Development in the Mainland (the Scheme). The HKTDC will strive to strengthen its support to Hong Kong businessmen, professional services practitioners and entrepreneurs already set foot in the Mainland to develop the Mainland market under the Scheme. Through its network of Mainland offices, the HKTDC will partner with relevant Mainland-based Hong Kong business organisations to organise a series of practical activities covering different business and professional areas, including online and offline training, exchange programmes, business missions as well as promotion activities. Together with the mega promotional business and trade events organised or participated by the HKTDC in the Mainland, such activities will deepen Hong Kong enterprises' understanding of the Mainland's business environment and market, thereby facilitating their business development and expansion of network to different cities and regions, and better integrating into the overall development of the nation.

The Scheme will mainly target Mainland markets with the presence of more Hong Kong businesses, including cities in the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) (such as Guangzhou and Shenzhen) and other markets with good potential (such as Beijing, Shanghai, Wuhan, Chengdu and Chongqing).

The HKTDC's Mainland offices will organise the activities in collaboration with relevant Mainland-based Hong Kong business organisations including Hong Kong business chambers, professionals' groups and associations of young entrepreneurs as soon as possible, and exercise flexibility having regard to the epidemic situation and needs of the trade, including organising activities in online or hybrid formats. The HKTDC will also review regularly the effectiveness of the activities with a view to better meeting the needs of relevant sectors and practitioners.

The HKTDC is currently conducting the preparatory work for the Scheme, and will consider resources deployment in accordance with the actual needs of individual activities. The manpower involved has been subsumed under the overall staff establishment of the HKTDC and cannot be quantified separately.

For Hong Kong businessmen who have yet to enter the Mainland market, the HKTDC has been supporting them to make use of the GBA as the springboard to explore the Mainland's business opportunities, including the "GoGBA" website and WeChat mini-programme launched in 2021 that provide important business and trade information about the GBA and a wide range of practical tools (such as market insights, policies and regulations, subsidies, business networks and city overviews, etc.) as well as practical tools for business trips (such as transport updates, public services and a day counter on the length of stay, etc.).

The HKTDC currently has offices in Shenzhen and Guangzhou, and does not have plan to establish more offices in the GBA. That said, to strengthen support and training for Hong Kong enterprises, the HKTDC set up the "HKTDC GBA Service Centre" in Shenzhen in June 2021 to enhance Hong Kong businessmen's capabilities in developing new markets as well as understanding of the Mainland market, regulations, policies, concessions and

institutions. It also works with its partners to set up the “GoGBA Business Support Centres” in Qianhai (Shenzhen), Nansha (Guangzhou), Hengqin (Zhuhai), Dongguan and Zhongshan to provide policies and marketing consultation services to Hong Kong enterprises.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)028

(Question Serial No. 0205)

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) (Miss Eliza LEE)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Under Programme (2), the provision for 2022-23 is 87.5% lower than the revised estimate for the previous year. According to the analysis of financial and staffing provision, this is mainly due to the decreased cash flow requirement for the SME Financing Guarantee Scheme (SFGS). It is mentioned in paragraph 35 of the Budget Speech that the application period of all guarantee products under the SFGS will be extended to the end of June next year and the Special 100% Loan Guarantee under the SFGS will also be further enhanced. In this connection, please inform this Committee of the following:

1. the reason(s) for the significant decrease in the estimated cash flow requirement for the SFGS;
2. whether there are other reasons for the significant decrease in the provision under this Programme as against the previous year, apart from the change in the cash flow requirement for the SFGS;
3. the numbers of applications and cases approved, the total amount of loan, as well as the major sectors and the number of employees benefitted from the Special 100% Loan Guarantee under the SFGS in the past 2 financial years; and
4. the total number of bad debt cases recorded and the guarantee commitment involved since the launch of the Special 100% Loan Guarantee.

Asked by: Hon LIAO Cheung-kong, Martin (LegCo internal reference no.: 6)

Reply:

The 2022-23 estimate under Programme (2) is \$5.3821 billion lower than the 2021-22 revised estimate, mainly due to a lower estimated cash flow requirement of \$5.4641 billion

for the SME Financing Guarantee Scheme (SFGS) in 2022-23 compared with that in 2021-22, notwithstanding a moderate increase in other estimated recurrent expenditure.

The cash flow for the SFGS is mainly for covering the default claim payments of various guarantee products. Given the relief measures such as concessionary low interest and time-limited principal moratorium provided by the Government, the default rates of various guarantee products under the SFGS in 2021-22 were lower than expected. It is estimated that HKMC Insurance Limited, which administers the SFGS, currently should have sufficient fund to cater for a large part of possible default claims and other relevant expenses in 2022-23. Hence the estimated cash flow requirement is accordingly reduced, but such reduction will not affect the number of applications approved under the SFGS for 2022-23.

From its launch in April 2020 to end February 2022, the application figures of the Special 100% Guarantee Product are as follows:

Number of Applications Received	50 445
Number of Applications Approved	48 432
Total Loan Amount of Approved Cases (\$)	85.21 billion
Number of Benefitted Employees	332 031
Number of Default Cases	354
Loan Guarantee Amount of Default Cases (\$)	0.63 billion

As at end February 2022, the major beneficiary sectors of the applications approved under the Special 100% Guarantee Product are as follows:

Beneficiary Sector	Number of Applications Approved
Trading, Wholesale and Retail	17 391
Engineering and Construction	4 141
Manufacturing	3 019
Others (e.g. Catering, Transportation)	23 881

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)029

(Question Serial No. 0017)

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) (Miss Eliza LEE)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

As mentioned in paragraph 112 of the Financial Secretary's Budget Speech, the Government will strive to introduce more liberalisation measures under the framework of the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA), thereby creating more favourable conditions for Hong Kong enterprises to enter the Mainland market. In this connection, please inform this Committee of the following:

1. Will the Government discuss with relevant ministries and authorities in the Mainland about the expansion of the scope of mutual recognition of professional qualifications among the Mainland, Hong Kong and Macao, including expanding the application of "one examination, three accreditations", which means that one can obtain the professional accreditation of the nation, of Hong Kong and Macao as well as the international accreditation by passing one examination, so as to facilitate Hong Kong professional personnel to practice across the boundary in the Mainland? If yes, what are the details; if no, what are the reasons?
2. Will the Government discuss with the Mainland about the adoption of the "early and pilot implementation" approach in Guangdong-Hong Kong-Macao Greater Bay Area to further relax and liberalise the arrangements for mutual recognition of qualifications of emerging industries and modern service industries such as the Internet, real estates, research and development, design as well as convention and exhibition industries? If yes, what are the details; if no, what are the reasons?
3. Will the Government consider providing additional resources and discussing with the Mainland for establishing a co-ordination team on CEPA for the professional services sector, with a view to rationalising the related implementation mechanism and further facilitating Hong Kong enterprises to seize the development opportunities in the Mainland? If yes, what are the details; if no, what are the reasons?

Asked by: Hon LO Wai-kwok (LegCo internal reference no.: 7)

Reply:

Under the framework of the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA), the Commerce and Economic Development Bureau and relevant policy bureaux and departments are all along committed to facilitating Hong Kong's professional services to enter the Mainland market with preferential treatments, including allowing relevant professionals to sit for examinations, register, practise and set up enterprises on the Mainland, as well as encouraging mutual recognition of professional qualifications by the professional bodies from both sides. So far, mutual recognition arrangements have been made for the securities and futures, accounting, real estate, construction and related engineering sectors. The Government will continue to seek to establish mechanisms for mutual recognition of professional qualifications in more sectors with the Mainland, including exploring "the one examination, three certification" suggestion. The feasibility of the relevant mechanism hinges on the specific requirements of an individual professional sector and compatibility of such requirements at the Mainland, Hong Kong and international levels. For liberalisation measures that cannot be implemented on the whole Mainland for the time being, the Government will recommend to the Mainland authorities implementing these measures on a pilot basis in the Guangdong-Hong Kong-Macao Greater Bay Area as far as practicable.

The Government attaches great importance to the implementation of CEPA. We established the Mainland and Hong Kong Economic and Trade Co-operation Committee with the Ministry of Commerce in 2018 to promote economic and trade cooperation in various areas between the two places, including forming a task force to follow up on the implementation of CEPA. In addition, the Trade and Industry Department (TID) has been collaborating with relevant policy bureaux and departments to work closely with the Mainland authorities at central, provincial and municipal levels, and actively facilitate the use of CEPA liberalisation measures on the Mainland by Hong Kong enterprises. TID has also been proactively liaising with chambers of commerce, professional bodies and industry organisations to introduce to the trade details of any new liberalisation measures under CEPA through various channels, with a view to strengthening the trade's understanding of the new measures and related implementation arrangements. On the other hand, in order to facilitate the trade, TID has set up a dedicated website on CEPA which provides an information database on services by sectors. Hong Kong enterprises and professionals can refer to the database for the latest liberalisation measures and relevant Mainland rules and regulations of their respective areas, as well as frequently asked questions, so that they can make use of CEPA to develop their Mainland businesses. The trade can also enquire about CEPA issues or specific cases through TID, which will collaborate with the policy bureaux concerned and follow up with the Mainland authorities.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)030****(Question Serial No. 0308)**

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) (Miss Eliza LEE)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

In 2021-22, one of the main responsibilities of the Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch) under this Programme was to provide support to local businesses operating in the Mainland. This year, it is updated to providing support to local businesses in developing overseas and Mainland domestic sales markets. Why is that so? Please inform this Committee of the expenditure involved for such work in the previous year, and what support has been provided to Hong Kong businesses in the Mainland? Due to the impact of the COVID-19 epidemic, coupled with the unstable China-US trade relations and the global economic uncertainties, the operating environment of small and medium enterprises is deteriorating rapidly. In the 2022-23 financial year, what is the Government's new work plan to support local businesses which are operating in the Mainland or developing overseas markets in tiding over the economic downturn? What are the expenditures to be involved for such work?

Asked by: Hon NG Kit-chong, Johnny (LegCo internal reference no.: 7)

Reply:

The Commerce and Economic Development Bureau (CEDB) is all along committed to enhancing Hong Kong's position as a leading international trade and business centre. CEDB provides support to local enterprises (particularly small and medium enterprises (SMEs)) in expanding and developing overseas and Mainland domestic sales markets to seize the enormous opportunities under the national domestic and international dual circulation strategy and the National 14th Five-Year Plan to integrate into the overall development of our nation. The concrete work and new work plans include mainly:

- continue to assist Hong Kong enterprises in exploring business opportunities in the Mainland through the Hong Kong Trade Development Council (HKTDC). The HKTDC launched in June 2021 the "GoGBA" website and WeChat mini-programme to

provide important business and trade information about the Guangdong-Hong Kong-Macao Greater Bay Area and a wide range of practical tools. The “HKTDC GBA Centre” established in Shenzhen endeavours to provide promotion, consultation, training and business matching services, etc. The HKTDC also provides services such as “ConsignEasy”, physical and online outlets of “Design Gallery” in the Mainland and “Transformation Sandbox”, etc. The HKTDC plans to organise major promotional events in Guangzhou and Shenzhen within this year to promote Hong Kong’s products and services, so as to provide multi-pronged support for Hong Kong enterprises to develop the Mainland market. Furthermore, the HKTDC signed memoranda of understanding with Guangdong, Shanghai, Sichuan and Hubei in 2021 to strengthen cooperation and assist Hong Kong enterprises in developing those markets;

- the HKTDC will continue to support SMEs to leverage the business and investment opportunities brought by the Belt and Road Initiative and the Regional Comprehensive Economic Partnership (RCEP) to explore the Association of Southeast Asian Nations markets; promote local industries with development potential to the Mainland and overseas markets, in particular healthcare technology, smart city and intellectual property trading, etc. and develop digital platforms to support SMEs in their digitalisation and technological transformation;
- since 2018, the China International Import Expo (CIIE) held annually in Shanghai has been an important platform established by our nation for enterprises around the world to enter the Mainland market, where Hong Kong enterprises can showcase and promote the quality products and professional services of Hong Kong. We will continue to encourage Hong Kong enterprises to participate actively in the fifth CIIE, to be held in November 2022, to demonstrate Hong Kong’s unique advantages as the dual circulation connecting platform;
- in 2021, the Government injected \$1.5 billion into the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund), and has since July 2021 increased the cumulative funding ceiling per enterprise from \$4 million to \$6 million; and extending in phases the geographical coverage from 20 economies originally to 37 economies with which Hong Kong has signed Free Trade Agreements and/or Investment Promotion and Protection Agreements by the second quarter of 2022;
- since April 2021, the Government has expanded the funding scope of the SME Export Marketing Fund (EMF) from originally only providing funding support for export promotion activities, to also covering large-scale exhibitions and online exhibitions targeting the local market as well as held by organisers with good track record, and allowing applications from non-listed enterprises other than SMEs, for a period of two years, so as to support enterprises which are affected by the epidemic in conducting local market promotion and making full use of both online and offline avenues to conduct promotion activities, and to maintain Hong Kong’s leading position in large-scale merchandise exhibitions; and
- the Financial Secretary announced in February 2022 the launch of the Support Scheme for Pursuing Development in the Mainland. Through its network of Mainland offices, the HKTDC will partner with relevant Mainland-based Hong Kong business organisations to organise training and exchange programmes, business missions as well

as promotion activities to support Hong Kong businessmen, professional services practitioners and entrepreneurs to seize the business opportunities in the Mainland market.

The total expenditure of the BUD Fund and the EMF in 2022-23 is estimated to be around \$1 billion. The estimated expenditure for CEDB's co-ordination of the participation of the Hong Kong Special Administrative Region in CIIE in 2022-23 is about \$13.1 million. From 2022-23 to 2024-25, the Government will provide an additional funding of \$45 million per annum (i.e. a total of \$135 million) to the HKTDC for implementing the Support Scheme for Pursuing Development in the Mainland. Other work has been subsumed under the overall estimated expenditure of CEDB, and cannot be quantified separately.

In addition, specifically on export trade, the Hong Kong Export Credit Insurance Corporation (ECIC) has been actively rolling out various measures to support SMEs to tide over difficulties arising from the China-US trade conflict and the epidemic. It will maintain vigilance on the situation and closely monitor prevailing global economic development, while continuing to support SMEs in developing export markets:

- in June 2020, the ECIC launched the “100% Credit Limit Top-Up Scheme”^{Note} to enhance the export credit insurance protection for exporters and provide assistance to the trade sector in face of increasing credit risks. To continue providing support to exporters, the Scheme has been extended thrice to 30 June 2022. As at end February 2022, 12 547 credit limits have been uplifted under the Scheme, providing protection for a cumulative amount of around \$19.3 billion of shipments;
- the ECIC also launched supportive measures in April 2020 in response to the epidemic, and has extended the validity period of such measures to 30 June 2022. The measures provide a range of support to policyholders with annual sales turnover of less than \$50 million, including providing free pre-shipment cover; uplifting the credit limits on all approved buyers, etc. As at end February 2022, there have been respectively 1 264 and 1 068 policyholders benefitting from the free pre-shipment cover and credit limit uplift, involving uplift of credit limits totalling \$880 million;
- the ECIC launched in mid-December 2021 a new Self-Underwritten Policy for SMEs through a new self-service digital platform, “EC Reach 2.0”, that enables eligible policyholders to set their own credit limits online to up to \$800,000, without the need for separate approval;
- it was announced in the 2021 Policy Address that the ECIC would launch the “Export Credit Guarantee Programme” on a pilot basis to provide guarantee up to 70% of the export financing of their policyholders at a maximum guarantee limit of \$50 million, thereby enhancing banks’ confidence in granting loan facilities to SMEs. The Programme was just launched in end March 2022; and
- the ECIC will also introduce the “Flexible Indemnity Ratio” arrangements in the second half of 2022. Policyholders whose applications for credit limit not fully approved before and the credit limits are not more than \$5 million may, according to their needs, receive an automatic increase of the credit limits and corresponding

adjustment to the indemnity ratio. The ECIC will share the risks together with its policyholders to enhance insurance coverage for exporters.

The ECIC is a self-financing organisation. The Government does not have expenditure estimate for the ECIC's expenditure for providing export credit insurance to Hong Kong exporters. As for the "100% Credit Limit Top-Up Scheme", the Government has set aside \$300 million under the Anti-epidemic Fund to assume the additional risks arising from the Scheme.

Note: Under the Scheme, the ECIC will automatically double the credit limits of existing policyholders or uplift the limits to the amount applied for, whichever is the smaller, subject to a cap of \$100 million. New credit limit applications will also be topped up in a similar manner.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)031****(Question Serial No. 0311)**

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) (Miss Eliza LEE)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

In paragraph 62 of the Financial Secretary (FS)'s Budget Speech last year, it was mentioned that "in the face of rising unilateralism, it is all the more important for us to actively promote multilateralism, dismantle various barriers and strengthen Hong Kong's links with the international community. We should further expand Hong Kong's trade, investment and tax agreement networks. The Free Trade Agreement and the Investment Agreement between Hong Kong and the Association of Southeast Asian Nations (ASEAN) have recently come into full effect. In November last year, our country signed the Regional Comprehensive Economic Partnership (RCEP) Agreement with 14 economies. We are actively seeking to be among the first batch of economies joining the RCEP after it comes into effect, so as to help Hong Kong businesses and investors open up markets, thereby fostering the long-term economic development of Hong Kong". Please inform this Committee of the effectiveness of the relevant work in the past year. What was the expenditure involved? With regard to seeking accession to the RCEP and assisting Hong Kong businesses in opening up markets, the FS pointed out in paragraph 112 "Hong Kong's External Trade" of the Budget Speech this year that "ASEAN members welcome Hong Kong's interest in seeking accession to the RCEP. The HKSAR Government is pressing ahead with Hong Kong's early accession to the RCEP." Is there a specific timetable for our accession to the RCEP? Is there any work plan after joining the RCEP? What are the estimated expenditures?

Asked by: Hon NG Kit-chong, Johnny (LegCo internal reference no.: 10)

Reply:

The successful signing and implementation of the Regional Comprehensive Economic Partnership (RCEP)^{Note 1} is an important milestone for regional economic integration that sends a clear and strong message in support of an open, inclusive and rules-based trade and investment arrangement. Against the background of growing protectionism, RCEP will facilitate free and open trade and increase investment in the region, providing impetus for

multilateral cooperation. RCEP has entered into force on 1 January 2022 for most of the RCEP participating economies ^{Note 2}. Subsequently, RCEP has also entered into force for Korea on 1 February 2022, and for Malaysia on 18 March 2022. The Secretary for Commerce and Economic Development has written to the Depositary of the Agreement (i.e. the Secretary-General of the ASEAN Secretariat) for Hong Kong to formally seek to accede to RCEP. The Secretary-General replied on 31 January that he, in his capacity as the Depositary, has notified RCEP member economies of Hong Kong's request for their consideration.

As specified in the RCEP Agreement, RCEP shall be open for accession by any state or territory 18 months after the date of entry into force of the Agreement and in accordance with the procedures to be adopted by the RCEP Joint Committee. In fact, the HKSAR Government has, since 2018, expressed to RCEP participating economies at different levels and on various occasions Hong Kong's keen interest in joining RCEP and responses from member economies have been positive. At the ASEAN Economic Ministers-Hong Kong, China Consultations in September 2021, Economic Ministers of ASEAN Member States welcomed Hong Kong's interest in seeking accession to RCEP and considered that Hong Kong is well placed to add value to RCEP. To continue leveraging the interim period before RCEP opens for accession by other state or territory, we will seek commencement of negotiations and discussions with RCEP member economies. We will strive to forge consensus from various sectors in supporting Hong Kong's accession to RCEP and actively create favourable conditions for our early accession. Upon the adoption of the details for accession by RCEP Joint Committee, Hong Kong will seek early accession to RCEP in accordance with the provisions.

As the work mentioned above is implemented by existing manpower and is part of the regular duties of the Commerce, Industry and Tourism Branch of the Commerce and Economic Development Bureau, the expenditure has been subsumed under the overall estimated expenditure and cannot be quantified separately.

Note 1: RCEP participating economies include Mainland China, the 10 member states of the Association of Southeast Asian Nations (ASEAN) (Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Viet Nam), Australia, Japan, Korea, and New Zealand.

Note 2: RCEP will enter into force 60 days for the participating economy after the deposit of its instrument of ratification to the Secretary-General of ASEAN. RCEP has entered into force on 1 January 2022 for 10 RCEP participating economies which have completed ratification procedure, including 6 ASEAN member economies (i.e. Brunei, Cambodia, Laos, Singapore, Thailand and Viet Nam), as well as 4 non-ASEAN member economies (i.e. Mainland China, Australia, Japan and New Zealand).

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)032

(Question Serial No. 0048)

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) (Miss Eliza LEE)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

According to Programme (2), the Government will continue to implement the Convention and Exhibition Industry Subsidy Scheme under the Anti-epidemic Fund in the coming year. The event planning, exhibition and stage production sectors have reflected to me that even though their industries have been hit hard by the fifth wave of the pandemic, they are not covered in the sixth-round of Anti-epidemic Fund. They wish to know if the target beneficiaries of the subsidy scheme will be expanded to include the affected frontline practitioners and stakeholders of related industries, such as contractors and casual workers. If so, what are the details? If not, what are the reasons? Also, will the scope of rental subsidies for exhibition events be expanded to cover more venues, including small- and medium-sized exhibitions and trade fairs held in shopping malls and outdoor venues? If so, what are the details? If not, what are the reasons?

Asked by: Hon NG Wing-ka, Jimmy (LegCo internal reference no.: 5)

Reply:

The Government launched the Convention and Exhibition Industry Subsidy Scheme (the Scheme) in October 2020 with a total commitment of \$1,070 million with a view to attracting more major convention and exhibition (C&E) events to Hong Kong. As at 31 March 2022, the Scheme provided a total subsidy of about \$305 million to 118 exhibitions, bringing job opportunities to all related personnel in the industry.

In addition, the Government allocated part of the Scheme's funding in October last year to provide a one-off immediate relief to private organisers of exhibitions with a clear track record of being held in Hong Kong to help them cope with the impact of the prolonged postponement or cancellation of exhibitions under the pandemic. Private organisers of exhibitions which were held at the Hong Kong Convention and Exhibition Centre or AsiaWorld-Expo in at least any 5 calendar years from 2015 to 2021 may apply for the

one-off immediate relief. The amount of the immediate relief is equivalent to 20 per cent of the average annual rental of the relevant exhibitions, subject to a cap of \$1 million per event. The Government provided a total subsidy of about \$41 million of one-off immediate relief to organisers of 73 exhibitions.

As at 31 March 2022, the Scheme has a balance of some \$720 million and will continue to provide support for the C&E industry. Depending on the development of the pandemic and the utilisation of the funding of the Scheme, the Government will consider further extending the validity of the Scheme. Meanwhile, the Government will also actively consider attracting more event organisers to organise C&E activities in Hong Kong when the pandemic situation stabilises, facilitating the recovery of the industry after the pandemic.

In addition to the above Scheme, companies providing supporting services to the C&E industry can also benefit from other schemes under the Anti-epidemic Fund, such as the Employment Support Scheme and the SME Financing Guarantee Scheme which helps enterprises tide over the liquidity problem by securing loans from banks.

To support enterprises in conducting local market promotion activities through both online and offline avenues under the pandemic, as well as to maintain Hong Kong's leading position as the hub for large-scale merchandise exhibitions, the Government further enhanced the SME Export Marketing Fund (EMF) on 30 April 2021, expanding the funding scope to large-scale exhibitions and virtual exhibitions organised by organisers with good track record targeting the local market and allowing applications from non-listed enterprises other than small and medium enterprises (SMEs). We have also made special arrangement that SMEs participating in the Hong Kong Trade Development Council (TDC)'s exhibitions can obtain subsidy from the Scheme and apply for subsidy from the EMF concurrently through a one-stop online platform and a simple application form.

Furthermore, the C&E industry has been flexible in responding to the pandemic and organising events via online or hybrid mode. In order to cater for the new normal under the pandemic and further assist enterprises in Hong Kong to cope with the business environment affected by the pandemic, the Government will provide an additional subvention of a total of \$301 million from 2021-22 to 2023-24 to the TDC to develop virtual platforms to enhance its capability in organising hybrid events to provide a seamless event experience for users (for example, enhancing instant interaction functions, using artificial intelligence to help users conduct year-round business matching). The TDC will also proceed with digitalisation and strengthen big data analysis, so as to provide SMEs with services that are more effective and better suit their needs.

- End -

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0051)

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) (Miss Eliza LEE)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Under Programme (2), the Commerce, Industry and Tourism Branch has enhanced the SME Export Marketing Fund (EMF) this year, including expanding its funding scope, for a period of 2 years, to cover large-scale physical exhibitions targeting the local market as well as virtual exhibitions; and relaxing the eligibility criteria to cover non-SMEs. After the expansion of scope, how many applications have been received by the Government in relation to marketing in the local market? Among them, how many applications have been approved? What are the average processing time and average funding amount for each application respectively? As the enhanced EMF has been well received by enterprises, will the Bureau consider regularising the new initiative? What are the respective manpower and expenditure involved in processing applications for the EMF this year?

Asked by: Hon NG Wing-ka, Jimmy (LegCo internal reference no.: 3)

Reply:

The SME Export Marketing Fund (EMF) aims at encouraging small and medium enterprises (SMEs) to conduct export promotion activities, for example participating in exhibitions and business missions, placing advertisements in trade publications, conducting export promotions through electronic platforms/media, and setting up or enhancing corporate websites/mobile applications.

To support enterprises in conducting local market promotion and making full use of both online and offline avenues to conduct such activities amidst the pandemic, as well as to maintain Hong Kong's leading position as the hub for large-scale merchandise exhibitions, the Government has since 30 April 2021 further enhanced the EMF, by expanding its funding scope to cover large-scale exhibitions targeting the local market as well as online exhibitions held by organisers with good track record, and allowing applications from non-listed enterprises other than SMEs, for a period of 2 years.

Application figures of promotions targeting the local market under the EMF as of end February 2022 are as follows:

Number of applications received ^{Note 1}	7 229
Number of applications approved	4 093
Number of applications rejected	504
Approval rate ^{Note 2}	89%
Average amount of grants for applications approved (\$)	22,140

Note 1 : Including applications withdrawn by applicant enterprises or under processing.

Note 2 : Calculation of approval rate does not include applications withdrawn by applicant enterprises or under processing.

Processing of the above applications was completed within 30 clear working days upon receipt of applications with all the necessary documents and information.

The above enhancements are short-term measures launched amidst the pandemic to assist enterprises in exploring more local business opportunities and utilising digital technologies in business development. The Government will closely monitor the market situation and needs of enterprises, and review the operation of the EMF with a view to providing enterprises with due support.

The manpower and expenditure for implementing the EMF have been subsumed under the establishment and expenditure provisions of the Trade and Industry Department, and cannot be quantified separately.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)034****(Question Serial No. 0053)**

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) (Miss Eliza LEE)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is mentioned in the Budget Speech that a total funding of \$135 million will be allocated to the Hong Kong Trade Development Council (HKTDC) over the next 3 years for the introduction of the Support Scheme for Pursuing Development in the Mainland (the Scheme) to help Hong Kong businessmen seize business opportunities in the Mainland. Will the Administration give more details of the Scheme such as its implementation date and the activities being organised. In view of the severe epidemic situation, it is expected to be difficult to carry out physical activities such as training, exchange programmes and business missions in the short term. How will the HKTDC adjust its strategies? For instance, will more online exchange activities be organised? What are the staff establishment and the expenditure involved in implementing the Scheme for the year?

Asked by: Hon NG Wing-ka, Jimmy (LegCo internal reference no.: 1)

Reply:

From 2022-23 to 2024-25, the Government will provide an additional funding of \$45 million per annum (i.e. a total of \$135 million over 3 years) to the Hong Kong Trade Development Council (HKTDC) for implementing the Support Scheme for Pursuing Development in the Mainland (the Scheme). The HKTDC will strive to strengthen its support to Hong Kong businessmen, professional services practitioners and entrepreneurs already set foot in the Mainland to develop the Mainland market under the Scheme. Through its network of Mainland offices, the HKTDC will partner with relevant Mainland-based Hong Kong business organisations to organise a series of practical activities covering different business and professional areas, including online and offline training, exchange programmes, business missions as well as promotion activities. Together with the mega promotional business and trade events organised or participated by the HKTDC in the Mainland, such activities will deepen Hong Kong enterprises'

understanding of the Mainland's business environment and market, thereby facilitating their business development and expansion of network to different cities and regions, and better integrating into the overall development of the nation.

The Scheme will mainly target Mainland markets with the presence of more Hong Kong businesses, including cities in the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) (such as Guangzhou and Shenzhen) and other markets with good potential (such as Beijing, Shanghai, Wuhan, Chengdu and Chongqing).

The HKTDC's Mainland offices will organise the activities with relevant Mainland-based Hong Kong business organisations as soon as possible, and exercise flexibility having regard to the epidemic situation and needs of the trade, including organising activities in online or hybrid formats.

The HKTDC is currently conducting the preparatory work for the Scheme, and will consider resources deployment in accordance with the actual needs of individual activities. The manpower involved has been subsumed under the overall staff establishment of the HKTDC and cannot be quantified separately.

At the same time, the HKTDC will continue to help Hong Kong enterprises tap the business opportunities in the Mainland market under the epidemic situation with its online/offline support on different platforms, including providing important business and trade information about the GBA and a wide range of practical tools through the "GoGBA" website and WeChat mini-programme launched in 2021; organising various activities and training through the "HKTDC GBA Service Centre" in Shenzhen; and providing policies and market consultation services to Hong Kong enterprises through the "GoGBA Business Support Centres" in Qianhai (Shenzhen), Nansha (Guangzhou), Hengqin (Zhuhai), Dongguan and Zhongshan.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)035

(Question Serial No. 0184)

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) (Miss Eliza LEE)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

According to Programme (2), the Government will continue to work on the planning for new convention and exhibition (C&E) facilities in the coming year to maintain and consolidate the international status of Hong Kong's C&E industry. What is the latest progress on the current redevelopment of the 3 government towers in Wan Chai North and the Kong Wan Fire Station into C&E facilities and the planning for phase 2 expansion of the AsiaWorld-Expo? What are the manpower and expenditures involved in the planning work for the coming year? Apart from the above 2 projects, will the Government plan to build more C&E facilities to increase the supply of C&E venues in the short to medium term? Will the Government consider building new C&E facilities in Kowloon East? If yes, what are the details? If not, what are the reasons?

Asked by: Hon NG Wing-ka, Jimmy (LegCo internal reference no.: 9)

Reply:

The Government is proceeding with the expansion of convention and exhibition (C&E) facilities in Wan Chai North and on the airport island.

In Wan Chai North, we will redevelop the sites of the three government towers in Wan Chai North and Kong Wan Fire Station into C&E facilities, hotel and grade A offices, providing an estimated additional rentable C&E space of over 30 000 square metres. We have consulted the Wan Chai District Council and Harbourfront Commission on the project and obtained their support. We will initiate the relevant statutory town planning and road gazettal procedures.

As for the airport island, the Airport Authority will invest in the expansion of the AsiaWorld-Expo, the Authority has already conducted consultancy studies. It is estimated that the expansion would provide over 33 000 square metres of additional rentable C&E

space as well as a multi-purpose indoor arena with a seating capacity of over 20 000 people for mega international C&E, entertainment and sports events. As the relevant land is currently being occupied by the North Lantau Hospital Hong Kong Infection Control Centre, the expansion plan will proceed after the site has been vacated, subject to the development of the pandemic.

The two expansion plans will increase the large-scale C&E space in Hong Kong by more than 40% to over 220 000 square meters.

With limited land in Hong Kong, we will be pragmatic in expanding C&E facilities based on cost effectiveness, in order to achieve synergy with existing C&E facilities and ancillary facilities in the vicinity and more flexible use of existing facilities, such that the C&E facilities in Hong Kong will better suit the need of the new mode C&E activities. Our strategic positioning is to focus on C&E activities with higher economic benefits, so as to maintain our competitiveness in the C&E industry.

The above works have been subsumed under the staff establishment and overall estimated expenditure of the Commerce, Industry and Tourism Branch of the Commerce and Economic Development Bureau, and cannot be quantified separately.

In fact, the C&E industry has been flexible in responding to the pandemic and organising events in online or hybrid mode. In order to cater for the new normal under the pandemic and further assist enterprises in Hong Kong to cope with the business environment affected by the pandemic, the Government will provide an additional subvention of a total of \$301 million from 2021-22 to 2023-24 to the Hong Kong Trade Development Council (TDC) to develop virtual platforms to enhance its capability in organising hybrid events to provide a seamless event experience for users (for example, enhancing instant interaction functions, using artificial intelligence to help users conduct year-round business matching). The TDC will also proceed with digitalisation and strengthen big data analysis, so as to provide SMEs with services that are more effective and better suit their needs.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)036

(Question Serial No. 0191)

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) (Miss Eliza LEE)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

According to the Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch), the provision for this programme in 2022-23 is \$5,382.1 million (87.5%) lower than the revised estimate for 2021-22, mainly due to reduced cash flow requirement for the SME Financing Guarantee Scheme (the Scheme). Will the Government explain the details and operation of the Scheme and advise on the respective default rates of the 80%, 90% and 100% guarantee products under the Scheme so far?

Asked by: Hon SHIU Ka-fai (LegCo internal reference no.: 5)

Reply:

The cash flow for the SME Financing Guarantee Scheme (SFGS) is mainly for covering the default claim payments of various guarantee products. Given the relief measures such as concessionary low interest and time-limited principal moratorium provided by the Government, the default rates of various guarantee products under the SFGS in 2021-22 were lower than expected. It is estimated that HKMC Insurance Limited, which administers the SFGS, currently should have sufficient fund to cater for a large part of possible default claims and other relevant expenses in 2022-23. Hence the estimated cash flow requirement is accordingly reduced, but such reduction will not affect the number of applications approved under the SFGS for 2022-23.

As at end February 2022, the default rates of the 80%, 90% and Special 100% Guarantee Products of the SFGS were 3.75%, 0.47% and 0.74% respectively.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)037****(Question Serial No. 0418)**

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) (Miss Eliza LEE)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Paragraphs 112 and 113 of the Budget state that the Mainland and the Association of Southeast Asian Nations (ASEAN) are the largest and second-largest trading partners of Hong Kong respectively. The HKSAR Government will continue to strive to introduce more liberalisation measures under the framework of the Mainland and Hong Kong Closer Economic Partnership Arrangement, thereby creating more favourable conditions for Hong Kong enterprises to enter the Mainland market. The Free Trade Agreement (FTA) and the related Investment Agreement (IA) between Hong Kong and ASEAN, both of which came into full effect last year, have been implemented smoothly. ASEAN members also welcome Hong Kong's interest in seeking accession to the Regional Comprehensive Economic Partnership (RCEP). The HKSAR Government is pressing ahead with Hong Kong's early accession to the RCEP.

Apart from Hong Kong's major trading partners, the HKSAR Government will also continue to seek to enter into FTAs and IAs with other economies and strive to strengthen economic and trade connections with the economies in the Middle East and attract enterprises there to do business in Hong Kong through the newly-established Hong Kong Economic and Trade Office in Dubai. In this connection, will the Government inform this Committee of the following:

1. It is noted that Hong Kong submitted its application for accession to the RCEP in mid-January this year. Is there any new development regarding the application at present? If yes, what are the details? If no, when does the Government expect the application can be approved? Will the Government commence promotion work such that the application can be approved as soon as possible? If yes, what are the details? If no, what are the reasons?
2. In order to enter into FTAs and comprehensive avoidance of double taxation agreements with more overseas economies, will the Government seek to proceed with the accession to the Comprehensive and Progressive Agreement for Trans-Pacific

Partnership in parallel? If yes, what are the details? If no, what are the reasons?

3. The Government has newly established the Hong Kong Economic and Trade Office in Dubai to strengthen economic and trade connections with the economies in the Middle East and attract enterprises there to do business in Hong Kong. Has the office formulated work plans and targets? If yes, what are the details? If no, what are the reasons?

Asked by: Hon TAN Sunny (LegCo internal reference no.: 2)

Reply:

Promoting trade and economic connections with trading partners

The successful signing and implementation of the Regional Comprehensive Economic Partnership (RCEP)^{Note 1} is an important milestone for regional economic integration that sends a clear and strong message in support of an open, inclusive and rules-based trade and investment arrangement. Against the background of growing protectionism, RCEP will facilitate free and open trade and increase investment in the region, providing impetus for multilateral cooperation. RCEP has entered into force on 1 January 2022 for most of the RCEP participating economies^{Note 2}. Subsequently, RCEP has also entered into force for Korea on 1 February 2022, and for Malaysia on 18 March 2022. The Secretary for Commerce and Economic Development has written to the Depositary of the Agreement (i.e. the Secretary-General of the ASEAN Secretariat) for Hong Kong to formally seek to accede to RCEP. The Secretary-General replied on 31 January that he, in his capacity as the Depositary, has notified RCEP member economies of Hong Kong's request for their consideration.

As specified in the RCEP Agreement, RCEP shall be open for accession by any state or territory 18 months after the date of entry into force of the Agreement and in accordance with the procedures to be adopted by the RCEP Joint Committee. In fact, the HKSAR Government has, since 2018, expressed to RCEP participating economies at different levels and on various occasions Hong Kong's keen interest in joining RCEP and responses from member economies have been positive. At the ASEAN Economic Ministers-Hong Kong, China Consultations in September 2021, Economic Ministers of ASEAN Member States welcomed Hong Kong's interest in seeking accession to RCEP and considered that Hong Kong is well placed to add value to RCEP. To continue leveraging the interim period before RCEP opens for accession by other state or territory, we will seek commencement of negotiations and discussions with RCEP member economies. We will strive to forge consensus from various sectors in supporting Hong Kong's accession to RCEP and actively create favourable conditions for our early accession. Upon the adoption of the details for accession by RCEP Joint Committee, Hong Kong will seek early accession to RCEP in accordance with the provisions.

To help Hong Kong enterprises and investors expand their markets, the HKSAR Government has been striving to strengthen the economic and trade ties with other economies and actively seeking to forge Free Trade Agreements (FTAs) and Investment Agreements (IAs) with more trading partners, thereby promoting the long-term economic development of Hong Kong. The current-term Government has signed 4 FTAs with 13

economies^{Note 3}, thereby doubling the number of FTAs signed to 8, involving a total of 20 economies; and signed 4 IAs with 13 economies^{Note 4}. Hong Kong has so far signed 22 IAs with 31 overseas economies. As a staunch supporter of free trade, Hong Kong supports various measures and agreements to eliminate trade barriers and promote free trade. We have also been monitoring the negotiations of bilateral and plurilateral FTAs of other economies, including Comprehensive and Progressive Agreement for Trans-Pacific Partnership. The policy priority of the HKSAR Government now is to join RCEP as soon as possible and we will continue to step up our effort to take forward the related work.

Strengthening economic and trade ties with the Middle East region

The Hong Kong Economic and Trade Office in Dubai (Dubai ETO) commenced operation in late October 2021. It is the HKSAR Government's first ETO in the Middle East region. Its opening is conducive to strengthening Hong Kong's economic and trade relations with trading partners in the region, in particular the 6 member states of the Cooperation Council for the Arab States of the Gulf^{Note 5}, and attracting enterprises in the Middle East to come to Hong Kong.

The Chief Executive put forward in her 2021 Policy Address that we will strengthen economic and trade ties with the Middle East region, including seeking to forge FTAs and IAs, and stepping up the effort to attract inward investment and business presence from enterprises in the region. Dubai ETO has already started work in this area, including actively liaising with individuals in the political, commercial and industrial sectors, building rapport and exploring collaboration opportunities with a view to promoting the latest development and advantages of Hong Kong. Through online webinars and meetings with government departments and chambers of commerce, Dubai ETO has also encouraged local enterprises to come to Hong Kong to develop their businesses.

Dubai ETO will host seminars and related events in various cities in the Middle East region in 2022, connecting with the political and business sectors and providing updates on Hong Kong's latest business environment. It will also invite Middle East enterprises which have business relations with Hong Kong to share their knowledge and experience, thereby encouraging more local companies and investors to expand their business in Hong Kong, and promoting Hong Kong's unique advantages as a global investment and commercial hub. Dubai ETO has all along been collaborating with the Hong Kong Trade Development Council and Invest Hong Kong to take forward the aforementioned work, with a view to promoting business opportunities in Hong Kong in the Middle East region more comprehensively.

Note 1: RCEP participating economies include Mainland China, the ten member states of the Association of Southeast Asian Nations (ASEAN) (Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Viet Nam), Australia, Japan, Korea, and New Zealand.

Note 2: RCEP will enter into force 60 days for the participating economy after the deposit of its instrument of ratification to the Secretary-General of ASEAN. RCEP has entered into force on 1 January 2022 for 10 RCEP participating economies which have completed ratification procedure, including 6 ASEAN member economies (i.e. Brunei, Cambodia, Laos, Singapore, Thailand and Viet Nam), as well as 4 non-ASEAN member economies (i.e. Mainland China, Australia, Japan and New Zealand).

Note 3: The economies are Macao Special Administrative Region (2017), the ten ASEAN Member States (2017), Georgia (2018) and Australia (2019).

Note 4: The economies are the 10 ASEAN Member States, Australia, Mexico and the United Arab Emirates (the UAE).

Note 5: The countries are Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)038****(Question Serial No. 0420)**

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

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

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Miss Eliza LEE)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Under Head 152 of the Estimates, the estimated provision for the Commerce, Industry and Tourism Branch of the Commerce and Economic Development Bureau in 2022-23 is \$4,587.4 million, representing a significant decrease of 55.8% compared to the revised expenditure of \$10,389.4 million for last year. In this connection, please advise this Committee of the following:

1. For Programme (2) Commerce and Industry, the provision for 2022-23 is \$5,382.1 million (-87.5%) lower than the revised estimate. It is explained that the decrease is mainly due to the decreased cash flow requirement for the SME Financing Guarantee Scheme (SFGS). Will the authority elaborate on the relationship between the decreased cash flow requirement for the SFGS and the substantial decrease in the estimate, and whether the reduction in the estimate will affect the work of the Commerce, Industry and Tourism Branch in the coming year?
2. Please list by areas of work the expenditures of the Commerce, Industry and Tourism Branch under the said programme in the past 3 years.
3. It is mentioned under the Matters Requiring Special Attention in the coming year that the Branch will “continue to work with the Trade and Industry Department (TID) and the Hong Kong Productivity Council to implement the enhanced Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) to support Hong Kong enterprises in developing their brands, upgrading and restructuring their operations and promoting sales in the Mainland and other free trade agreements and/or investment promotion and protection agreements markets”. What are the specific plans for further enhancing the BUD Fund in the coming year?
4. Please provide a breakdown of the manpower establishment and revised estimate concerned in the operation of the BUD Fund by the TID in the past 3 years.

5. Please set out in the following table the amounts of grants for the approved projects under the BUD Fund in the past 3 years:

Year	Maximum amount of grant approved	No. of projects approved	Average approval time
2019-2020	\$100,000 or below		
	\$100,001-\$300,000		
	\$300,001-\$500,000		
	\$500,001-\$1,000,000		
2020-2021	\$100,000 or below		
	\$100,001-\$300,000		
	\$300,001-\$500,000		
	\$500,001-\$1,000,000		
2021-2022	\$100,000 or below		
	\$100,001-\$300,000		
	\$300,001-\$500,000		
	\$500,001-\$1,000,000		

6. Will the authority consider my proposal of examining the feasibility of streamlining the application process for low level grants and the procurement procedures?

Asked by: Hon TAN Sunny (LegCo internal reference no.: 1)

Reply:

The actual expenditures under Programme (2) of the Commerce, Industry and Tourism Branch (CITB) in 2019-20 and 2020-21 were \$514.8 million and \$4.0114 billion respectively; the 2021-22 revised estimate is \$6.1521 billion. The expenditure of various areas of work has been subsumed under the overall expenditure under Programme (2), and cannot be quantified separately.

The 2022-23 estimate is \$5.3821 billion lower than the 2021-22 revised estimate, mainly due to a lower estimated cash flow requirement of \$5.4641 billion for the SME Financing Guarantee Scheme (SFGS) in 2022-23 compared with that in 2021-22. The cash flow for the SFGS is mainly for covering the default claim payments of various guarantee products. Given the relief measures such as concessionary low interest and time-limited principal moratorium provided by the Government, the default rates of various guarantee products under the SFGS in 2021-22 were lower than expected. It is estimated that HKMC Insurance Limited, which administers the SFGS, currently should have sufficient fund to cater for a large part of possible default claims and other relevant expenses in 2022-23. Hence the estimated cash flow requirement is accordingly reduced, but such reduction will not affect the number of applications approved under the SFGS for 2022-23, and will not affect the work of CITB in the coming year. In 2022-23, there is only a moderate increase in other estimated recurrent expenditure under Programme (2) of CITB.

The Government has launched several rounds of enhancements to the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) during the period from 2019-20 to 2021-22 to help enterprises enhance competitiveness, including injecting a total of \$3.5 billion into the fund, as well as gradually increasing the cumulative funding ceiling per

enterprise from \$2 million in 2019 to currently \$6 million; extending in phases the geographical coverage from 20 economies to currently 35 economies with which Hong Kong has signed Free Trade Agreements and/or Investment Promotion and Protection Agreements; and increasing the ratio of initial payment from 25% to up to 75% of the approved government funding. With the inclusion of Kuwait and the United Arab Emirates in the second quarter of 2022, the geographical coverage will be further extended to a total of 37 economies.

The manpower expenditures for implementing the BUD Fund have been subsumed under the respective overall establishment and budgeted expenditure of CITB and the Trade and Industry Department (TID), and cannot be quantified separately.

The actual expenditures of the BUD Fund (including implementation fees provided to Hong Kong Productivity Council for operating the BUD Fund and disbursements to grantees) in 2019-20 and 2020-21 were \$127 million and \$583 million respectively. The 2021-22 revised estimate is \$643 million.

The distribution of funding amount approved to projects under the BUD Fund is as follows:

Year	Funding amount approved	No. of projects approved
2019-20	\$100,000 or below	73
	\$100,001 to \$300,000	111
	\$300,001 to \$500,000	122
	\$500,001 to \$1,000,000	355
2020-21	\$100,000 or below	44
	\$100,001 to \$300,000	92
	\$300,001 to \$500,000	132
	\$500,001 to \$1,000,000	654
2021-22 (up to February 2022)	\$100,000 or below	42
	\$100,001 to \$300,000	65
	\$300,001 to \$500,000	105
	\$500,001 to \$1,000,000	673

TID has since 2017 included in its Controlling Officer's Report a target on the time required for processing the BUD Fund's applications, with a view to ensuring service performance. Since then, all applications could be passed to the Programme Management Committee for consideration within the target time (i.e. within 60 working days) upon the Secretariat's receipt of all the necessary documents and information.

We have been continually reviewing the operation and implementation of the BUD Fund, and have launched a series of measures to facilitate enterprises in submitting their applications in the past two years, including allowing online submission of electronic applications and project reports; waiving the requirements of opening and maintaining a separate interest-bearing bank account by a grantee and depositing into the account the matching fund before receiving the initial payment; allowing an enterprise to commence its project after application submission yet prior to the announcement of application result (albeit funding will only be provided subject to whether the application is approved

eventually); and relaxing the budget cap of individual expenditure items and extending coverage of projects eligible for funding.

The Government has also enhanced the application process and experience under the BUD Fund through design thinking, by providing enterprises with lucid application information on the website through the use of such tools as graphic illustration of the process, checklist of required documents, reference cases and progress tracking, and assisted them in developing their project plans, with a view to encouraging their utilisation of Government funding. The relevant functions, launched in June 2021, are well received by applicant enterprises.

The Government will actively consider streamlining further the application and vetting processes of projects involving smaller funding amount, and will explore the feasibility of simplifying the requirements related to procurement procedures.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)039

(Question Serial No. 0425)

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) (Miss Eliza LEE)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

In this year's Budget, 2 measures have been proposed to further support export credit insurance. In this connection, will the Government inform this Committee:

1. of whether the Export Credit Guarantee Programme planned to be launched in March 2022 by the Hong Kong Export Credit Insurance Corporation (ECIC) involves any estimated expenditure (and inform this Committee if any), as it is mentioned in the Matters Requiring Special Attention in 2022-23 that the Government will continue to work with the ECIC to enhance export credit insurance coverage through support measures including the Export Credit Guarantee Programme, Flexible Indemnity Ratio arrangement and EC Reach 2.0;
2. of the concrete details of the Flexible Indemnity Ratio arrangement to be introduced by the ECIC in the second half of 2022; of how the roughly 2 400 policyholders will be benefited; of the number of those out of the roughly 2 400 policyholders expected to be benefited whose insurance items are related to the domestic sales market;
3. of the work progress and future plan of the EC Reach 2.0; of the details of how the EC Reach 2.0 can provide concrete assistance to small and medium enterprises in developing the domestic sales market;
4. whether the Government will, in view of the export insurance policies of the domestic sales market, consider my suggestion of increasing the Government's exposure and financial commitment or seeking collaboration with the banking institutions, insurance companies or statutory bodies in the Mainland, as I have repeatedly pointed out on public occasions that the biggest problem faced by local enterprises in developing the domestic sales market is export insurance coverage and therefore I have suggested that the Government should consider further enhancing ECIC's services, seeking collaboration with the banking institutions, insurance companies or statutory bodies in the Mainland, conducting more detailed and precise risk management and credit

assessment for enterprises, assisting micro, small and medium enterprises in developing and integrating into the domestic sales market, and at the same time, I have suggested that the Government should consider increasing its exposure and financial assistance for local enterprises to overcome their export credit insurance problems in the course of entering the domestic sales market;

5. of the concrete details of the implementation of the Support Scheme for Pursuing Development in the Mainland to be introduced by the Trade Development Council to which \$135 million has been allocated in the Budget to facilitate Hong Kong people and enterprises in the Mainland to tap the business opportunities in the Mainland; of what sectors or individuals are to be benefited?

Asked by: Hon TAN Sunny (LegCo internal reference no.: 6)

Reply:

The Government has been maintaining close communication with the Hong Kong Export Credit Insurance Corporation (ECIC), in order to formulate measures in response to the economic situation and market needs, and provide timely and due support to local exporters. All new measures introduced by ECIC are applicable to its Mainland and overseas insured markets. Measures that ECIC has implemented or will introduce to render enhanced support for the export trade include:

“Export Credit Guarantee Programme”

ECIC will launch the “Export Credit Guarantee Programme” on a pilot basis to provide guarantee up to 70% of the export financing of their policyholders at a maximum guarantee limit of \$50 million, thereby enhancing banks’ confidence in granting loan facilities to small and medium enterprises (SMEs). The Programme has just been implemented in end-March 2022. The initiative will be reviewed in due course.

“Flexible Indemnity Ratio”

ECIC will introduce the “Flexible Indemnity Ratio” arrangements (the Arrangements) in the second half of 2022. Policyholders whose credit limit applications are not fully approved may, according to their needs, automatically increase credit limits of or below \$5 million, followed by corresponding indemnity ratio adjustment. Details are as follows:

Increase of credit limit (compared to credit limit originally approved)	Indemnity Ratio
Credit limit originally approved	90% ^{Note 1}
50%	80%
100%	70%
150%	60%

ECIC will share the risks together with its policyholders who will receive coverage not less than their existing insurance protection ^{Note 2}. The Arrangements aim to enhance insurance coverage to exporters that commensurates with the risk levels, enabling them to fulfill larger orders from overseas buyers with greater confidence. In addition, all policyholders are

eligible for the Arrangements ^{Note 3}. According to figures as at February 2022, around 2 400 policyholders would benefit from the Arrangements.

“EC Reach 2.0”

“EC Reach 2.0” aims to provide SME exporters with a simple and convenient credit risk management platform, such that exporters may expand their business at ease. Exporters can apply for credit insurance policies, administer various policy-related matters and obtain relevant product information via “EC-Reach 2.0”. ECIC has launched in mid-December 2021 this self-service digital platform for SMEs, enabling eligible policyholders to set their own credit limits online up to \$0.8 million, without the need for separate approval. Meanwhile, the platform will offer fast-track credit limit approval for SME policyholders progressively. ECIC will regularly review the usage and user experience for continuous enhancement of the platform. In tandem, ECIC will foster the development of the online platform by stepping up the promotion effort targeted at SME exporters.

ECIC has been actively rendering assistance to Hong Kong businesses in expanding into the Mainland market. In fact, the Mainland market is one of the largest insured markets of ECIC. In 2020-21, the Mainland market took up 43% of ECIC’s total insured business (amounting to around \$56.2 billion). On top of the insurance coverage available for sales between Hong Kong exporters and their Mainland buyers, to assist Hong Kong businesses to counter the risks in exploring business opportunities in the Mainland, ECIC has, since 2012, enhanced its insurance cover for sales between a policyholder’s Mainland subsidiary, in which one has ownership over 50%, and the Mainland buyers. In particular, transactions with regard to goods originally produced for export from the Mainland and for domestic sales in the Mainland market would be covered. Under the national “dual circulation” development framework, Hong Kong exporters can leverage the related extended coverage to expand into the huge market in the Mainland and seize business opportunities.

ECIC has been maintaining close liaison with its local and international counterparts to strengthen ties and to exchange views and experience on issues of mutual interest, including business development, risk monitoring, etc. ECIC is in active discussion with credit information agencies to consider ways to obtain a better grasp of the credit information of companies in the Mainland. It is also exploring cooperation opportunities with banking institutions and its Mainland counterparts to assist Hong Kong exporters in developing domestic sales in the Mainland.

ECIC will maintain vigilance on the situation and closely monitor prevailing global economic development, while continuing its support to SMEs in their expansion of the export markets. ECIC is a self-financing organisation. The Government does not have expenditure estimate for ECIC’s expenditure for providing export credit insurance to Hong Kong exporters.

From 2022-23 to 2024-25, the Government will provide an additional funding of \$45 million per annum (i.e. a total of \$135 million over 3 years) to the Hong Kong Trade Development Council (HKTDC) for implementing the Support Scheme for Pursuing Development in the Mainland (the Scheme). The HKTDC will strive to strengthen its support to Hong Kong businessmen, professional services practitioners and entrepreneurs

already set foot in the Mainland to develop the Mainland market under the Scheme. Through its network of Mainland offices, the HKTDC will partner with relevant Mainland-based Hong Kong business organisations to organise a series of practical activities covering different business and professional areas, including online and offline training, exchange programmes, business missions as well as promotion activities. Together with the mega promotional business and trade events organised or participated by the HKTDC in the Mainland, such activities will deepen Hong Kong enterprises' understanding of the Mainland's business environment and market, thereby facilitating their business development and expansion of network to different cities and regions, and better integrating into the overall development of the nation.

The Scheme will mainly target Mainland markets with the presence of more Hong Kong businesses, including cities in the Guangdong-Hong Kong-Macao Greater Bay Area (such as Guangzhou and Shenzhen) and other markets with good potential (such as Beijing, Shanghai, Wuhan, Chengdu and Chongqing).

The HKTDC's Mainland offices will organise the activities with relevant Mainland-based Hong Kong business organisations as soon as possible, and exercise flexibility having regard to the epidemic situation and needs of the trade, including organising activities in online or hybrid formats. The number of enterprises and people benefitting from the activities will vary depending on the nature, target sector or location of individual activities.

Note 1: Normally, the standard indemnity ratio in ECIC's insurance contracts with policyholders is set at 90%.

Note 2: Where credit limit is uplifted and policyholders' claim payment under the adjusted ratio is lower than 90% of the originally approved credit limit, claims payment would be based on the amount whichever is higher, to ensure that the policyholder will not receive claims payment less than originally approved.

Note 3: Except "Online Micro-Business Policy" holders (i.e. relevant policyholders' annual sales turnover is less than \$20 million), "Self-Underwritten Policy" holders and cases not insured due to risks reasons.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)040

(Question Serial No. 0710)

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

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

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Miss Eliza LEE)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is mentioned in the Budget Speech that the number of Mainland and overseas companies in Hong Kong increased by 10 per cent from 8 225 in 2017 to a record high of 9 049 last year, demonstrating that Hong Kong's business environment remains remarkable. Please advise this Committee of the following:

- (1) Can the increase in numbers alone suffice to infer that the business environment is remarkable?
- (2) Which industries are seeing an increase or a decrease in numbers?
- (3) What are the figures of increase in the number of such companies from the Mainland as well as those from other countries and regions?
- (4) What are the figures of increase or decrease in the number of small, medium and large companies respectively?
- (5) Has the Government established a comprehensive mechanism for review of the current business environment so as to make up for the shortcomings?

Asked by: Hon TAN Yueheng (LegCo internal reference no.: 1)

Reply:

Despite the impact of the COVID-19 pandemic on the global economy and investment confidence, Hong Kong was the third largest economy by foreign direct investment inflow in 2020, according to the World Investment Report 2021 published by the United Nations Conference on Trade and Development. According to results of the annual survey jointly conducted by Invest Hong Kong (InvestHK) and the Census and Statistics Department, the number of overseas and Mainland companies in Hong Kong increased by 10% from 8 225

in 2017 to a record high of 9 049 in 2021. Among these companies, many are internationally renowned, demonstrating Hong Kong's attractiveness to the global business community.

By sector, out of the 9 049 overseas and Mainland companies in Hong Kong, import/export trade, wholesale and retail topped the list (4 294), followed by financing and banking (1 728) and professional, business and education services (1 361). The number of companies in all sectors, except for insurance as well as publishing, media and multi-media activities, have increased when compared to 2017.

In terms of source country/territory, the number of Mainland companies in Hong Kong increased significantly by 65% from 1 264 in 2017 to 2 080 in 2021. The number of companies from other countries/territories slightly increased from 6 964 to 6 977. Top three countries/territories where the parent companies were located are set out below:

Country/Territory where the parent company was located	Number of companies	
	2017	2021
The Mainland	1 264	2 080
Japan	1 378	1 388
United States	1 313	1 267

In terms of size of company, 7 820 companies engaged less than 50 persons, while 1 229 companies engaged 50 persons or more. Details are as follows:

Size of company (in terms of number of persons engaged)	Number of companies	
	2017	2021
< 50	6 968	7 820
50 - 99	551	550
100+	706	679
Total	8 225	9 049

Hong Kong enjoys the institutional strength of “one country, two systems” as well as other fundamental strengths, including the common law system, rule of law, judicial independence, a clean and efficient Government, a low and simple tax regime, a robust financial system, free flow of goods, capital, talent and information, a level-playing field, well-developed infrastructure and digital facilities, a wealth of talent, alignment with the international community and a safe and quality metropolitan environment with a blend of urban and rural lifestyle.

The “dual circulation” strategy featured in the National 14th Five-Year Plan brings countless new opportunities to Hong Kong. Hong Kong will not only further strengthen its role as a connection platform between our country and the rest of the world in the “international circulation”, but also focus on developing the Mainland market and assisting Hong Kong enterprises to grasp the opportunities brought by the country's “domestic circulation” strategy, in particular the enormous business opportunities in the Guangdong-Hong Kong-Macao Greater Bay Area. We will continue to serve as the gateway

connecting our nation and the rest of the world and also be a preferred destination for international businesses to operate.

In September 2021, the Government published the “Report on Hong Kong’s Business Environment: A Place with Unique Advantages and Unlimited Opportunities” which reviews Hong Kong’s business environment and advantages, and sets out the development opportunities available to Hong Kong under the country’s new phase and pattern of development. The Government will strive to maintain the favourable business environment of Hong Kong and work closely with the business community in this regard.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)041

(Question Serial No. 0711)

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

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

Programme: (7) Subvention: Hong Kong Tourism Board

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Miss Eliza LEE)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Financial Secretary has mentioned in his Budget Speech that an earmarked funding of \$600 million will be used for supporting the work of the Hong Kong Tourism Board (HKTb) to revive the tourism industry and implement the Culture and Tourism Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area (the CTD Plan); the HKTb will carry out promotion in appropriate source markets, with a view to attracting tourists to revisit Hong Kong; depending on the circumstances of individual source markets, a new tourism brand promotion campaign will be launched around the world in phases in the coming year; and the HKTb will also allocate a sum of \$100 million from its reserve to support the above work.

In this connection, please advise this Committee:

- (1) of the expenditure and effectiveness of such work in 2021-22;
- (2) whether there has been any unspent funding; if yes, how such funding has been handled by the HKTb; and
- (3) whether an assessment mechanism has been established for each publicity and promotion campaign, including assessment on the effectiveness of the activity in bringing about economic benefits to Hong Kong.

Asked by: Hon TAN Yueheng (LegCo internal reference no.: 2)

Reply:

In the past year, HKTb dedicated its resources to promoting local tourism and boosting consumption. On the premise of safeguarding public health and safety, HKTb resumed staging mega events to create local positive ambience, provided support to local trade and maintained Hong Kong's international exposure. Details and expenditure of HKTb's key initiatives in relation to driving tourism recovery in 2021-22 are as below:

Strategic focus	Expenditure (HK\$) (Percentage of total budget)	Key initiatives
Boosting local ambience and consumption	About 210 million (50%)	<ul style="list-style-type: none"> • 5 rounds of Spend-to-Redeem “Free Tours” and “Staycation Delights” were rolled out under “Holiday at Home”, offering 90,000 quotas in total. The programmes provided tour operators and hotels with support in the amount of \$45 million, benefitting about 190 travel agents and 140 hotels. • HKTB introduced the “Hong Kong Neighbourhoods – West Kowloon” programme, which allowed the public to reconnect with and rediscover the neighbourhood while creating business opportunities for local shops. • HKTB organised a few mega events, including Hong Kong Wine & Dine Festival, Hong Kong WinterFest, Hong Kong New Year Countdown Celebrations, etc. The Hong Kong New Year Countdown Celebrations were covered by many media agencies worldwide, reaching an estimated worldwide audience of over 2.4 billion.
Maintaining Hong Kong’s exposure in visitor source markets	About 100 million (20%)	<ul style="list-style-type: none"> • HKTB launched promotions in 20 visitor source markets around the world to maintain Hong Kong’s international exposure. • HKTB extended the “360 Hong Kong Moments” series to take visitors who are unable to come to Hong Kong in person on an immersive journey across Hong Kong through videos with 360 degrees panoramic technology and other innovative filming techniques. • HKTB produced a number of gourmet-themed TV shows in Hong Kong in partnership with international TV networks, which were aired in many Asian markets.
Gearing up for travel resumption	80 million (20%)	<ul style="list-style-type: none"> • HKTB carried out a series of tasks on establishing a new tourism brand and positioning for Hong Kong, including research studies and analysis of travel trends, types of visitors, new normal in the tourism industry, Hong Kong’s tourism advantages in promoting tourism, etc. • HKTB prepared a series of promotional contents, including a one-stop website with information on visiting Hong Kong, exclusive activities for leisure visitors, videos, etc., which will be launched as soon as cross-boundary/border travel resumes.

Strategic focus	Expenditure (HK\$) (Percentage of total budget)	Key initiatives
		<ul style="list-style-type: none"> • HKTB kicked off a hospitality campaign under the Quality Tourism Services Scheme, with the TV show featuring “one-day shop managers”. A series of promotional videos will also be aired on TV later. • HKTB engaged in developing a new all-in-one digital platform and upgraded the DiscoverHongKong.com website with better security and improved online applications. • Other ongoing promotions.
Ongoing support for the trade	About 40 million (10%)	<ul style="list-style-type: none"> • HKTB continued to subsidise the application fees for the “Anti-Epidemic Hygiene Measures Certification Scheme”, jointly organised by HKTB and the Hong Kong Quality Assurance Agency for trade partners since 2020. As of end of February 2022, close to 2,900 hotels, tourist attractions, travel agents, shopping malls, dining and retail outlets, etc. were certified by the scheme and benefitted from the fee waivers. • HKTB participated in many Mainland trade shows and organised trade seminars. • HKTB promoted local “Seacation” experiences and the hygiene measures and anti-epidemic protocols being adopted by the cruise sector to restore visitors’ confidence in cruise tourism. • HKTB extended the fee waivers and discount for new and renewing merchants of the Quality Tourism Services Scheme. As of end February 2022, over 7,600 shops of more than 1,100 merchants and 230 rooms were certified by the scheme and benefitted from the fee waivers. • For the Meetings, Incentives, Conventions, Exhibitions sector, HKTB has focused on bidding to host international conferences, and secured the hosting of various types of conventions and exhibitions in Hong Kong for the coming years, including the RISE tech conference. HKTB also organised about 20 events to maintain close communication with 3,500 trade partners around the world and rolled out online and offline business matching platforms, which lined up more than 500 appointments. HKTB also worked to prepare and produce for trade promotions with Guangdong-Hong Kong-Macao

Strategic focus	Expenditure (HK\$) (Percentage of total budget)	Key initiatives
		Greater Bay Area themes, such as setting up thematic websites, producing promotional videos and printed materials.
Total:	430 million	

HKTB always adopts a prudent approach in its resource deployment. The unused funding in 2021-22 is about \$700 million and HKTB will return it to the Government according to established mechanism.

HKTB will designate various indicators based on the nature of its promotional work to assess the performances.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)042

(Question Serial No. 0713)

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

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

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

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Miss Eliza LEE)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Government plans to allocate a total funding of \$135 million to the Hong Kong Trade Development Council (HKTDC) over the next three years for the introduction of the Support Scheme for Pursuing Development in the Mainland (the Scheme), with a view to helping Hong Kong businessmen, professional services practitioners and entrepreneurs in the Mainland seize the business opportunities in the Mainland. Please advise this Committee of the following:

- (1) What are the respective numbers of Hong Kong businessmen, professional services practitioners and entrepreneurs in the Mainland? What are the respective numbers of the above three groups in the Mainland cities of the Greater Bay Area;
- (2) What is the allocation of the total funding within three years? What is the estimated total number of beneficiaries under the Scheme within three years?
- (3) What is the estimated amount of funding under the Scheme in 2022-23? What are the support proposals under planning or finalised? What is the estimated number of Hong Kong people in the Mainland to be benefitted for the current financial year?

Asked by: Hon TAN Yueheng (LegCo internal reference no.: 4)

Reply:

From 2022-23 to 2024-25, the Government will provide an additional funding of \$45 million per annum (i.e. a total of \$135 million over 3 years) to the Hong Kong Trade Development Council (HKTDC) for implementing the Support Scheme for Pursuing Development in the Mainland (the Scheme). The HKTDC will strive to strengthen its support to Hong Kong businessmen, professional services practitioners and entrepreneurs already set foot in the Mainland to develop the Mainland market under the Scheme.

Through its network of Mainland offices, the HKTDC will partner with relevant Mainland-based Hong Kong business organisations to organise a series of practical activities covering different business and professional areas, including online and offline training, exchange programmes, business missions as well as promotion activities. Together with the mega promotional business and trade events organised or participated by the HKTDC in the Mainland, such activities will deepen Hong Kong enterprises' understanding of the Mainland's business environment and market, thereby facilitating their business development and expansion of network to different cities and regions, and better integrating into the overall development of the nation.

The Government does not have the statistics of the number of Hong Kong businessmen, professional services practitioners and entrepreneurs in the Mainland. The HKTDC will take into account the views of the Mainland authorities and relevant Mainland-based Hong Kong business organisations in planning the activities, and exercise flexibility having regard to the epidemic situation and needs of the trade, including organising activities in online or hybrid formats. The number of enterprises and people benefitting from the activities will vary depending on the nature, target sector or location of individual activities.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)043****(Question Serial No. 0889)**

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) (Miss Eliza LEE)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Under the 14th Five-Year Plan, our country progresses according to the strategy of domestic and international dual circulation. The Financial Secretary indicates clearly in the Budget that the Government will make good use of national policies and Hong Kong's own advantages and take the Greater Bay Area as an entry point to participate in the domestic circulation of the national economy. In this connection, will the Government inform this Committee of its strategic deployment and plans relating to participation in the domestic circulation of the national economy?

Asked by: Hon TANG Fei (LegCo internal reference no.: 4)

Reply:

The National 14th Five-Year Plan states clearly that the establishment of a new development pattern featuring dual circulation, which takes the domestic market as the mainstay while enabling domestic and foreign markets to interact positively with each other, will be accelerated. Hong Kong can focus on the business opportunities in the Mainland market, better integrate into the overall development of our nation, take the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) development as an entry point, and proactively become a "participant" in domestic circulation. For the work under the purview of the Commerce and Economic Development Bureau, we will help Hong Kong enterprises develop actively the domestic Mainland market. Concrete work includes:

- since 2018, the China International Import Expo (CIIE) held annually in Shanghai has been an important platform established by our nation for enterprises around the world to enter the Mainland market, where Hong Kong enterprises can showcase and promote the quality products and professional services of Hong Kong. We will continue to encourage Hong Kong enterprises to participate actively in the fifth CIIE, to be held in November 2022, to demonstrate Hong Kong's unique advantages as the dual circulation connecting platform;

- continue to assist Hong Kong enterprises in exploring business opportunities in the Mainland through the Hong Kong Trade Development Council (HKTDC). The HKTDC launched in June 2021 the “GoGBA” website and WeChat mini-programme to provide important business and trade information about the GBA and a wide range of practical tools. The “HKTDC GBA Centre” established in Shenzhen endeavours to provide promotion, consultation, training and business matching services, etc. The HKTDC also provides services such as “ConsignEasy”, physical and online outlets of “Design Gallery” in the Mainland and “Transformation Sandbox”, etc. The HKTDC plans to organise major promotional events in Guangzhou and Shenzhen within this year to promote Hong Kong’s products and services, so as to provide multi-pronged support for Hong Kong enterprises to develop the Mainland market;
- from 2022-23 to 2024-25, the Government will provide an additional funding of \$45 million per annum (i.e. a total of \$135 million) to the HKTDC for implementing the Support Scheme for Pursuing Development in the Mainland. Through its network of Mainland offices, the HKTDC will partner with relevant Mainland-based Hong Kong business organisations to organise training and exchange programmes, business missions as well as promotion activities to support Hong Kong businessmen, professional services practitioners and entrepreneurs to seize the business opportunities in the Mainland market;
- continue to provide financial support to Hong Kong enterprises in developing brands and conducting more promotional activities in the Mainland through the Dedicated Fund on Branding, Upgrading and Domestic Sales and the SME Export Marketing Fund;
- continue to assist 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. CEPA has now become a comprehensive and modern free trade agreement, covering all facets of Hong Kong’s economic and trade relationship with the Mainland and promoting further liberalisation and facilitation of trade and investment between the two places. We will continue to seek to introduce more liberalisation measures that will benefit Hong Kong businesses under the CEPA framework, and create favourable conditions for Hong Kong businesses to access the Mainland market;
- in terms of export credit insurance, the Mainland market has been one of the largest insured markets of the Hong Kong Export Credit Insurance Corporation (ECIC). In 2020-21, the Mainland market took up 43% of ECIC’s total insured business (amounting to around \$56.2 billion). To assist Hong Kong businesses in countering the risks in exploring business opportunities in the Mainland, ECIC has actively enhanced its insurance coverage for Hong Kong exporters (including their Mainland subsidiary in which they have over 50% of ownership) in different markets, covering transactions with their local or overseas buyers. Under the national dual circulation development pattern, Hong Kong exporters can leverage the related extended coverage to seize business opportunities and expand into the huge market in the Mainland. Also, ECIC is in active discussion with credit information agencies to consider ways to obtain a better grasp of the credit information of companies in the Mainland. It is also

exploring cooperation opportunities with banking institutions and its Mainland counterparts to assist further Hong Kong exporters in developing domestic sales in the Mainland market; and

- continue to implement a series of initiatives to promote exploitation of intellectual property (IP) and foster manpower building, including exploring with the Mainland authorities facilitation measures for cross-boundary IP protection; working with the HKTDC and relevant stakeholders to promote Hong Kong's competitive advantages in IP trading and our IP professional services to Mainland enterprises through trade missions, seminars, publicity programmes and the annual Business of IP Asia Forum; and strengthening collaboration with IP authorities of the Mainland and Macao on IP, protection, management and commercialisation to encourage Mainland enterprises to use Hong Kong's professional services to create high-value-added IP products and services.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)044****(Question Serial No. 0908)**

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) (Miss Eliza LEE)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

To develop the Greater Bay Area into a bay area for global engagement, it is more important to participate in the external circulation. Regarding Hong Kong SAR Government's application to join the Regional Comprehensive Economic Partnership, has the Government assessed the impact on the economy of Hong Kong, such as an increase in the gross domestic product and more job opportunities?

Asked by: Hon TANG Fei (LegCo internal reference no.: 5)

Reply:

The Regional Comprehensive Economic Partnership (RCEP) ^{Note 1} has entered into force on 1 January 2022 for most of the RCEP participating economies ^{Note 2}. Subsequently, RCEP has also entered into force for Korea on 1 February 2022, and for Malaysia on 18 March 2022. The Secretary for Commerce and Economic Development has written to the Depositary of the Agreement (i.e. the Secretary-General of the ASEAN Secretariat) for Hong Kong to formally seek to accede to RCEP. The Secretary-General replied on 31 January that he, in his capacity as the Depositary, has notified RCEP member economies of Hong Kong's request for their consideration.

RCEP is the largest free trade agreement (FTA) in the world, covering about 30% of the world's population and accounting for one-third of the global GDP. The successful signing and implementation of RCEP is an important milestone for regional economic integration that sends a clear and strong message in support of an open, inclusive and rules-based trade and investment arrangement. Against the background of growing protectionism, RCEP will facilitate free and open trade and increase investment in the region, providing impetus for multilateral cooperation.

Hong Kong shares very close economic and trade connections with the RCEP member economies. Apart from our 4 FTAs signed with 13 of the RCEP member economies, Hong Kong is also one of the major providers of foreign direct investment in the Asia-Pacific region. As at end 2020, over 50% of Hong Kong's total outward direct investment went to RCEP member economies. In 2021, the total trade between Hong Kong and the 15 RCEP participating economies amounted to US\$962.6 billion, accounting for 73% of Hong Kong's total trade. As such, joining RCEP will facilitate Hong Kong's further integration into the regional value chain and strengthen the economic, trade, and investment ties between Hong Kong and RCEP participating economies in the region and hence driving regional economic growth. Being the bridge between the Mainland and the rest of the world and a key trade and financial centre in Asia, Hong Kong will stand to benefit from the more active regional economic activities after RCEP's entry into force, as well as the spill-over effect arising from RCEP, especially for the markets in Japan and Korea with which Hong Kong does not have FTAs. Hong Kong's goods and enterprises will also benefit under the relevant measures in RCEP such as tariff reduction, preferential market access, removal of trade barriers and simplified customs procedures, etc. It will lower the costs of trading and bring about new business opportunities for Hong Kong's goods and enterprises in expanding their markets in the region, thereby providing a momentous drive to global economic recovery in the post-pandemic era.

Moreover, in 2020, the total trade in services between Hong Kong and the 15 RCEP member economies amounted to US\$55.8 billion, accounting for around 50% of Hong Kong's total trade in services. Hong Kong will also affirm its commitments in various service sectors upon accession to RCEP, attracting businesses in the RCEP member economies to invest in or opt for the quality services from Hong Kong. It will thereby promote bilateral and regional trade flows in services and e-commerce, and create more opportunities for the service sectors in Hong Kong.

Note 1: RCEP participating economies include Mainland China, the 10 member states of the Association of Southeast Asian Nations (ASEAN) (Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Viet Nam), Australia, Japan, Korea, and New Zealand.

Note 2: RCEP will enter into force 60 days for the participating economy after the deposit of its instrument of ratification to the Secretary-General of ASEAN. RCEP has entered into force on 1 January 2022 for 10 RCEP participating economies which have completed ratification procedure, including 6 ASEAN member economies (i.e. Brunei, Cambodia, Laos, Singapore, Thailand and Viet Nam), as well as 4 non-ASEAN member economies (i.e. Mainland China, Australia, Japan and New Zealand).

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)045****(Question Serial No. 0010)**

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) (Miss Eliza LEE)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Financial Secretary, Mr Paul Chan, proposed in the Budget Speech that the Special 100% Loan Guarantee will be further enhanced by increasing the maximum loan amount per enterprise from the total amount of employee wages and rents for 18 months to that for 27 months with the loan ceiling raised from \$6 million to \$9 million, and by extending the maximum repayment period from 8 years to 10 years. Will the Government allow small and medium enterprises with outstanding loans under the original Special 100% Loan Guarantee to apply for increasing the loan amount to \$9 million and extending the repayment period of the outstanding loans to 10 years? If so, what are the details? If not, what are the reasons?

Asked by: Hon WONG Chun-sek, Edmund (LegCo internal reference no.: 6)

Reply:

The enhancement measures for the Special 100% Guarantee Product announced by the Financial Secretary in the 2022-23 Budget are applicable to eligible enterprises hard hit by the COVID-19 pandemic, including loan cases already approved. The enhancement measures are expected to come into effect in early April, after which a relevant enterprise may, on the basis of its previously approved loan application, apply to the relevant lending institution for increasing the loan amount to up to 27 months of employee wages and rents, subject to a ceiling of \$9 million; extending the principal moratorium to the maximum of 30 months; and/or extending the repayment period to the maximum of 10 years. Borrowing enterprises must fulfil the relevant eligibility criteria and conditions, including meeting the good credit history requirement, not having any outstanding default for more than 60 days, not being bankrupt or dissolved as well as not being subject to any winding up or bankruptcy petition or proceedings, and must provide supporting documents on their latest wages and rental expenses.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)046****(Question Serial No. 0014)**

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) (Miss Eliza LEE)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Government has stressed that the Central Government and ASEAN countries welcome Hong Kong's accession to the Regional Comprehensive Economic Partnership (RCEP), and is confident that Hong Kong can successfully accede to RCEP 18 months after its entry into force on 1 January this year. In this connection, what efforts will be made by the Government to ensure that Hong Kong will smoothly accede to RCEP in the middle of next year?

Meanwhile, how many countries or separate customs territories the Government has been negotiating with for the free trade agreements (FTAs)? As anticipated by the Government, which countries or separate customs territories will sign FTAs with Hong Kong in the coming three years?

Asked by: Hon WONG Chun-sek, Edmund (LegCo internal reference no.: 10)

Reply:

The successful signing and implementation of the Regional Comprehensive Economic Partnership (RCEP)^{Note 1} is an important milestone for regional economic integration that sends a clear and strong message in support of an open, inclusive and rules-based trade and investment arrangement. Against the background of growing protectionism, RCEP will facilitate free and open trade and increase investment in the region, providing impetus for multilateral cooperation. RCEP has entered into force on 1 January 2022 for most of the RCEP participating economies^{Note 2}. Subsequently, RCEP has also entered into force for Korea on 1 February 2022, and for Malaysia on 18 March 2022. The Secretary for Commerce and Economic Development has written to the Depositary of the Agreement (i.e. the Secretary-General of the ASEAN Secretariat) for Hong Kong to formally seek to accede to RCEP. The Secretary-General replied on 31 January that he, in his capacity as the Depositary, has notified RCEP member economies of Hong Kong's request for their consideration.

As specified in the RCEP Agreement, RCEP shall be open for accession by any state or territory 18 months after the date of entry into force of the Agreement and in accordance with the procedures to be adopted by the RCEP Joint Committee. In fact, the HKSAR Government has, since 2018, expressed to RCEP participating economies at different levels and on various occasions Hong Kong's keen interest in joining RCEP and responses from member economies have been positive. At the ASEAN Economic Ministers-Hong Kong, China Consultations in September 2021, Economic Ministers of ASEAN Member States welcomed Hong Kong's interest in seeking accession to RCEP and considered that Hong Kong is well placed to add value to RCEP. To continue leveraging the interim period before RCEP opens for accession by other state or territory, we will seek commencement of negotiations and discussions with RCEP member economies. We will strive to forge consensus from various sectors in supporting Hong Kong's accession to RCEP and actively create favourable conditions for our early accession. Upon the adoption of the details for accession by RCEP Joint Committee, Hong Kong will seek early accession to RCEP in accordance with the provisions.

To help Hong Kong enterprises and investors expand their markets, the HKSAR Government has been striving to strengthen the economic and trade ties with other economies and actively seeking to forge Free Trade Agreements (FTAs) and Investment Agreements (IAs) with more trading partners, thereby promoting the long-term economic development of Hong Kong. The current-term Government has signed 4 FTAs with 13 economies^{Note 3}, thereby doubling the number of FTAs signed to 8, involving a total of 20 economies; and signed 4 IAs with 13 economies^{Note 4}. Hong Kong has so far signed 22 IAs with 31 overseas economies. The HKSAR Government has all along been actively seeking to sign and enhance FTAs and IAs. We signed an exchange of notes with Chile on 18 January 2022, successfully expanded and enhanced the specific market access commitments of both sides on trade in services under the Hong Kong-Chile FTA. With the newly-established Hong Kong Economic and Trade Office in Dubai, we strive to strengthen economic and trade connections with the economies in the Middle East and attract enterprises to come to Hong Kong. We will announce the details with regard to the targets for negotiation of agreements at an appropriate juncture.

Note 1: RCEP participating economies include Mainland China, the 10 member states of the Association of Southeast Asian Nations (ASEAN) (Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Viet Nam), Australia, Japan, Korea, and New Zealand.

Note 2: RCEP will enter into force 60 days for the participating economy after the deposit of its instrument of ratification to the Secretary-General of ASEAN. RCEP has entered into force on 1 January 2022 for 10 RCEP participating economies which have completed ratification procedure, including six ASEAN member economies (i.e. Brunei, Cambodia, Laos, Singapore, Thailand and Viet Nam), as well as four non-ASEAN member economies (i.e. Mainland China, Australia, Japan and New Zealand).

Note 3: The economies are Macao Special Administrative Region (2017), the 10 ASEAN Member States (2017), Georgia (2018) and Australia (2019).

Note 4: The economies are the 10 ASEAN Member States, Australia, Mexico and the United Arab Emirates.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)047****(Question Serial No. 0018)**

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) (Miss Eliza LEE)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Will additional resources be allocated to the tourism industry for exploring ways to attract high-end visitors from the Mainland and enhance our capacity to receive tourists? If so, what are the specific details? If not, what are the reasons?

Asked by: Hon WONG Ying-ho, Kennedy (LegCo internal reference no.: 1)

Reply:

In the 2022-23 financial year, the Government provision for the Hong Kong Tourism Board (HKTb) amounts to \$1.3509 billion, of which \$600 million is additional resources allocated under the 2022-23 Budget for introducing various measures to promote the development of the tourism industry, including the implementation of the Culture and Tourism Development Plan for Guangdong-Hong Kong-Macao Greater Bay Area. In parallel, HKTb will deploy its reserve of \$100 million to render its full support to the relevant work. HKTb has formulated a plan to prepare for the resumption of cross-boundary/ border travel through phased promotional campaigns to attract visitors to return to Hong Kong as soon as possible.

At the initial stage of resumption of cross-boundary travel, HKTb will launch a one-stop website on the “360 Hong Kong Moments” platform to provide visitors with travel tips when visiting Hong Kong, including the latest travel information and anti-epidemic measures. HKTb will also step up promotion of newly commissioned tourist attractions and facilities, and advertise special offers from tourist attractions to attract visitors.

When cross-boundary travel is further relaxed, HKTb will launch the “Open House Hong Kong” campaign in the Mainland markets, offering visitors, especially those visiting Hong Kong under the Individual Visit Scheme, with exclusive activities, including theme park experiences, cultural workshops, bartending workshops, etc. with a view to appealing to the high value-added visitors from the Mainland with such unique travel experiences.

HKTB will also organise mega familiarisation trips for Mainland trade partners, the press and social media influencers, as well as “Hong Kong Super Fans” to encourage them to feel Hong Kong’s charisma in person. In addition, HKTB will work with Mainland online travel agents to develop new tourism products, spread positive words of mouth for Hong Kong and generate more publicity on the Internet. HKTB will also lead trade delegations to Guangzhou and Shenzhen to exchange views with the Mainland trade on tourism promotion and discuss further collaboration. HKTB will adjust its promotional plan subject to the actual pace of cross-boundary travel resumption.

To assist the travel trade to get prepared for the resumption of cross-boundary travel, HKTB will continue to provide a full subsidy to trade partners to participate in the Anti-Epidemic Hygiene Measures Certification Scheme to implement a standardised hygiene and anti-epidemic protocol and demonstrate Hong Kong’s stringent anti-epidemic efforts. A new Quality Tourism Service campaign will be launched to encourage the travel and related trades to showcase hospitality and make their customers feel at home.

Apart from allocating additional resources to HKTB, the 2022-23 Budget has also earmarked \$600 million for implementing a three-year scheme entitled “Cultural and Heritage Sites Local Tour Incentive Scheme”, which aims to encourage the travel trade to leverage the opportunities arising from Hong Kong’s rich culture and heritage resources and progressive completion of a number of major cultural and leisure facilities to develop and launch more tourism products with cultural and heritage elements, and to support the operation of the Green Lifestyle Local Tour Incentive Scheme. The Budget has also earmarked \$60 million for funding the training of tourism practitioners for 3 years, with a view to further improving the professional standards and service quality of the industry. The above measures will also be conducive to enhancing the standards of attractions and their supporting facilities, as well as the services of tourist guides and other aspects, so as to be better prepared for the return of visitors.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)048****(Question Serial No. 0019)**

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) (Miss Eliza LEE)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

In order to expand the scope and modes of operation of the tourism industry, how will the Government support our tourism industry to attract Mainland overseas tours to depart and return via Hong Kong? What support, if any, will be given to the industry by the Government? What support and functions can the Travel Industry Council of Hong Kong provide?

Asked by: Hon WONG Ying-ho, Kennedy (LegCo internal reference no.: 2)

Reply:

The Outline Development Plan for Guangdong-Hong Kong-Macao Greater Bay Area (the ODP) and the Culture and Tourism Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area (the CTD Plan) set out the guiding directions for the cultural and tourism development of the Guangdong-Hong Kong-Macao Greater Bay Area (GBA), including “shaping tourism with cultural activities and promoting culture through tourism”. The ODP and the CTD Plan both expressly support Hong Kong in developing into an international tourism hub and a core demonstration zone for multi-destination tourism, and suggest various measures for promoting GBA tourism development, including developing GBA-themed tourism products and itineraries, and nurturing tourism talents, etc., so as to guide the development of GBA into an exchange hub for culture of the East and the West and a world-class tourism destination.

The Government promulgated in 2017 the Development Blueprint for Hong Kong's Tourism Industry (the Blueprint), setting out the development strategies for the long term development of Hong Kong's tourism, including developing a diversified portfolio of visitor source markets, nurturing tourism products and initiatives with local and international characteristics, promoting the development of smart tourism, and upgrading the service quality of tourism industry. The vision of the Blueprint is to develop Hong Kong into a

world-class premier tourism destination. The development strategies suggested by the Blueprint echoes with the guiding directions of the ODP and the CTD Plan.

During the past 4 years or so, the Government has implemented various measures and initiatives according to the Blueprint, including striving to enhance local tourism resources, developing projects in relation to cultural, heritage, creative and green tourism with characteristics, proactively reviewing Hong Kong's tourism positioning and establishing the GBA tourism brand through the Hong Kong Tourism Board (HKTb), as well as establishing the Travel Industry Authority at end-2019 with a view to implementing the statutory licensing and regulatory regime in 2022 for upgrading the professionalism and service quality of the travel trade, etc.

Along with the guiding directions of the ODP and the CTD Plan and on the basis of the Blueprint, the Government will develop proactively in concert with the overall national planning and take forward the principle of "shaping tourism with cultural activities and promoting culture through tourism". We will enhance the tourism experience of Hong Kong through developing cultural and creative tourism projects with characteristics, thereby making contributions to establishing a world-class bay area for culture and leisure.

Subject to the development of the COVID-19 epidemic and the timing of resumption of travel arrangements between the Mainland and Hong Kong, the Government and HKTb will roll out GBA-themed mega events, such as the Hong Kong Cyclothon and the Dragon Boat Carnival, to foster intercity collaboration and showcase GBA's unique art and cultural characteristics. A GBA tourism brand will be created to promote multi-destination travel to source markets.

In order to strengthen the implementation of the CTD Plan and to consolidate Hong Kong's position as an international cultural metropolis and an international tourism hub, the Government has earmarked \$1.26 billion in the 2022-23 Budget to support and develop the tourism industry, among which:

- \$600 million will be used for implementing a three-year scheme entitled "Cultural and Heritage Sites Local Tour Incentive Scheme", which aims to encourage the travel trade to leverage the opportunities arising from Hong Kong's rich culture and heritage resources and progressive completion of a number of major cultural and leisure facilities to develop and launch more tourism products with cultural and heritage elements, and to support the operation of the Green Lifestyle Local Tour Incentive Scheme;
- \$60 million will be used for funding the training of tourism practitioners for 3 years, with a view to further improving the professional standards and service quality of the industry, and assisting the trade in nurturing talents in areas such as cultural and heritage tourism for supporting the long term development of the industry; and
- \$600 million will be used for supporting HKTb's work in driving tourism recovery and developing cultural tourism according to the CTD Plan, including boosting local ambience and consumption, promoting cross-boundary/border travel resumption, deepening linkage with GBA and developing multi-destination tourism and accelerating digital transformation and developing smart tourism, etc.

Besides, the Government allocated \$3 million in the 2018-19 Budget to support the Travel Industry Council of Hong Kong (TIC) in developing a web-based tourism resource platform about Belt and Road related countries and regions and GBA cities. TIC launched the platform in the fourth quarter of 2019, providing tourism information, travel products, details about travel service providers, etc. of the places concerned. In order to encourage the travel trade to develop more thematic tourism products and enhance the competitiveness of the travel industry, the Government allocated in 2021-22 an additional \$10 million to support TIC in enhancing and promoting the platform in 2022 and 2023.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)049

(Question Serial No. 0253)

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) (Miss Eliza LEE)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is stated in the Budget Speech that the Government has earmarked about \$1.4 billion for the development of the IT system, with a view to achieving full implementation of the Trade Single Window as early as possible. In this connection, will the Government advise this committee of the current progress of the implementation of the Trade Single Window in Phase 2, the timetable for developing the Trade Single Window in Phase 3, the funding earmarked and whether the Government will also study the feasibility of connecting with the "single window" in Mainland apart from developing the Trade Single Window in Phase 3? If so, what are the details? If not, what are the reasons?

Asked by: Hon YICK Chi-ming, Frankie (LegCo internal reference no.: 9)

Reply:

The Trade Single Window (TSW) is being implemented in three phases. All services in Phase 1 have been rolled out, covering 14 types of trade documents.

Phase 2 covers another 28 types of trade documents. We awarded the contract to develop the information technology (IT) system of Phase 2 in July 2021, and the development work is going full steam ahead. We expect that the Phase 2 services will be rolled out progressively starting from 2023.

Phase 3 would cover import and export declarations, advance cargo information, cargo manifests and cargo reports for all goods, and the relevant IT system will also replace the current Government Electronic Trading Services, and a number of cargo clearance systems in the Customs and Excise Department, including the Air Cargo Clearance System and the Road Cargo System, etc. The Government has earmarked about \$1.4 billion for the development of the IT system of Phase 3. We are further consulting the trade to finalise

the implementation details of Phase 3, and plan to submit a funding proposal for the relevant IT system to LegCo in 2022-23 with a view to fully implementing the TSW as early as possible.

We have been regularly liaising with relevant Mainland authorities through an expert group to enhance exchange on TSW development, and staying abreast of the latest trend and development of the TSWs of the Mainland and other economies. We will study the feasibility of connecting our TSW with those of the Mainland and other economies at an appropriate juncture, having regard to the progress of implementing the TSW in Hong Kong.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)050

(Question Serial No. 0282)

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) (Miss Eliza LEE)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The 2021-22 Budget earmarked \$765 million to support the Hong Kong Tourism Board (HKTB) in reviving the tourism industry and conducting a comprehensive review of the positioning of Hong Kong's tourism in the long run in response to the "new normal" after the epidemic. This year, a further \$600 million has been earmarked for reviving the tourism industry and implementing the Culture and Tourism Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area. Will the Government advise on the following:

- (1) The respective amounts of funding allocated to the HKTB under the Budgets, the actual expenditures and the remaining balances in each of the past 3 years.
- (2) The major work and the estimated expenditures involved in reviving the tourism industry in 2021-22 and 2022-23.
- (3) The Government earmarked \$169 million in the past financial year to continue to take forward local cultural, heritage and creative tourism projects. Please give details of the deployment of the funding and the work progress. How will this funding be used in conjunction with the future provisions of \$600 million for tourism development?
- (4) It is mentioned in paragraph 100 of the Budget Speech that the HKTB completed a preliminary study and a consultation exercise last year on the positioning of Hong Kong's tourism in the long run. Please advise on the estimated expenditure on the study and its initial findings.

Asked by: Hon YIU Pak-leung (LegCo internal reference no.: 1)

Reply:

Details of the Hong Kong Tourism Board's (HKTB's) allocated funding, actual expenditure and remaining balance of the past three years are as below:

	2019-20	2020-21	2021-22
Government subvention	\$1,085 million	\$1,498 million	\$1,493 million
Other income (including sponsorship, participation fee from mega events, ticket sales and interest income, etc)	\$66.4 million	\$10.52 million	\$5 million#
Actual expenditure	\$877 million	\$740 million	About \$700 million#
Remaining balance	\$274.4 million	\$769 million	About \$700 million#

Latest estimates

HKTB always adopts a prudent approach in its resource deployment. HKTB will return the unused funding to the Government according to established mechanism.

In the past year, HKTB dedicated its resources to promoting local tourism and boosting consumption. On the premise of safeguarding public health and safety, HKTB resumed staging mega events to create local positive ambience, provided support to local trade and maintained Hong Kong's international exposure. Details and expenditure of HKTB's key initiatives in relation to driving tourism recovery in 2021-22 are as below:

Strategic focus	Expenditure (HK\$) (Percentage of total budget)	Key initiatives
Boosting local ambience and consumption	About 210 million (50%)	<ul style="list-style-type: none"> 5 rounds of Spend-to-Redeem "Free Tours" and "Staycation Delights" were rolled out under "Holiday at Home", offering 90,000 quotas in total. The programmes provided tour operators and hotels with support in the amount of \$45 million, benefitting about 190 travel agents and 140 hotels. HKTB introduced the "Hong Kong Neighbourhoods – West Kowloon" programme, which allowed the public to reconnect with and rediscover the neighbourhood while creating business opportunities for local shops. HKTB organised a few mega events, including Hong Kong Wine & Dine Festival, Hong Kong WinterFest, Hong Kong New Year Countdown Celebrations, etc. The Hong Kong New Year Countdown Celebrations were covered by many media agencies worldwide, reaching an estimated worldwide audience of over 2.4 billion.

Strategic focus	Expenditure (HK\$) (Percentage of total budget)	Key initiatives
Maintaining Hong Kong's exposure in visitor source markets	About 100 million (20%)	<ul style="list-style-type: none"> • HKTb launched promotions in 20 visitor source markets around the world to maintain Hong Kong's international exposure. • HKTb extended the "360 Hong Kong Moments" series to take visitors who are unable to come to Hong Kong in person on an immersive journey across Hong Kong through videos with 360 degrees panoramic technology and other innovative filming techniques. • HKTb produced a number of gourmet-themed TV shows in Hong Kong in partnership with international TV networks, which were aired in many Asian markets.
Gearing up for travel resumption	80 million (20%)	<ul style="list-style-type: none"> • HKTb carried out a series of tasks on establishing a new tourism brand and positioning for Hong Kong, including research studies and analysis of travel trends, types of visitors, new normal in the tourism industry, Hong Kong's tourism advantages in promoting tourism, etc. • HKTb prepared a series of promotional contents, including a one-stop website with information on visiting Hong Kong, exclusive activities for leisure visitors, videos, etc., which will be launched as soon as cross-boundary/ border travel resumes. • HKTb kicked off a hospitality campaign under the Quality Tourism Services Scheme, with the TV show featuring "one-day shop managers". A series of promotional videos will also be aired on TV later. • HKTb engaged in developing a new all-in-one digital platform and upgraded the DiscoverHongKong.com website with better security and improved online applications. • Other ongoing promotions.
Ongoing support for the trade	About 40 million (10%)	<ul style="list-style-type: none"> • HKTb continued to subsidise the application fees for the "Anti-Epidemic Hygiene Measures Certification Scheme", jointly organised by HKTb and the Hong Kong Quality Assurance Agency for trade partners since 2020. As of end of February 2022, close to 2 900 hotels, tourist

Strategic focus	Expenditure (HK\$) (Percentage of total budget)	Key initiatives
		<p>attractions, travel agents, shopping malls, dining and retail outlets, etc. were certified by the scheme and benefitted from the fee waivers.</p> <ul style="list-style-type: none"> • HKTB participated in many Mainland trade shows and organised trade seminars. • HKTB promoted local “Seacation” experiences and the hygiene measures and anti-epidemic protocols being adopted by the cruise sector to restore visitors’ confidence in cruise tourism. • HKTB extended the fee waivers and discount for new and renewing merchants of the Quality Tourism Services Scheme. As of end February 2022, over 7 600 shops of more than 1 100 merchants and 230 rooms were certified by the scheme and benefitted from the fee waivers. • For the Meetings, Incentives, Conventions, Exhibitions (MICE) sector, HKTB has focused on bidding to host international conferences, and secured the hosting of various types of conventions and exhibitions in Hong Kong for the coming years, including the RISE tech conference. HKTB also organised about 20 events to maintain close communication with 3 500 trade partners around the world and rolled out online and offline business matching platforms, which lined up more than 500 appointments. HKTB also worked to prepare and produce for trade promotions with Guangdong-Hong Kong-Macao Greater Bay Area (GBA) themes, such as setting up thematic websites, producing promotional videos and printed materials.
Total:	430 million	

As the global and local pandemic situation remains uncertain, HKTB will continue to adjust its strategy to support the development of Hong Kong’s tourism industry, drive local positive ambience and stimulate consumption, and sustain positive exposure in the Mainland and key overseas markets to maintain the city’s competitiveness and attract visitors back to Hong Kong as soon as cross-boundary/ border travel resumes. HKTB’s 2022-23 estimates for its key initiatives are as follows:

Strategic focuses	Estimate (HK\$) (Percentage of whole budget)
I. Driving tourism recovery <ul style="list-style-type: none"> • Boosting local ambience and consumption • Promotions for cross-boundary/ border travel resumption • Establishing a new tourism brand • Promoting MICE tourism and bidding for high-end events • Continuing trade support 	609 million (56%)
II. Promoting integration of tourism and cultural activities and connection with GBA <ul style="list-style-type: none"> • Promoting the integrated development of culture, sports and tourism - “shaping tourism with cultural activities and promoting culture through tourism” • Deepening linkage with GBA and developing multi-destination tourism • Accelerating digital transformation and developing smart tourism 	156 million (14%)
III. Promotions in visitor source markets	135 million (13%)
IV. Launching mega events and celebrating the 25th Anniversary of the Establishment of the HKSAR to promote positive ambience	113 million* (11%)
V. Ongoing promotions	62 million (6%)
Total	1,075 million

* The Commerce and Economic Development Bureau has in addition allocated a funding of HK\$54 million to HKTb from internal resources for HKTb to organise celebratory events of the HKSAR’s 25th Anniversary in 2022-23, including a special edition of A Symphony of Lights, the Hong Kong Cyclothon and the Hong Kong New Year Countdown Celebrations.

In 2021-22, the Government allocated \$169 million to the Tourism Commission (TC) to continue to take forward local cultural, heritage and creative tourism projects and to improve the facilities along hiking trails in order to develop more green tourism resources. The objective is to offer to both locals and visitors leisure and travel experience with rich historical and cultural elements. Details of relevant projects are as follows:

Initiatives	Details and Latest Progress
“Enhancement of Hiking Trails - Phase II”	<ul style="list-style-type: none"> • TC, in collaboration with the Agriculture, Fisheries and Conservation Department (AFCD), has been taking forward “Enhancement of Hiking Trails - Phase II” from 2021-22 to 2025-26, to enhance the tourism supporting facilities of 10 hiking trails within country parks with a view to further enriching green tourism

Initiatives	Details and Latest Progress
	<p>resources. Funding for the project is \$55 million for 5 years.</p> <ul style="list-style-type: none"> • The enhancement works mainly include improvement to existing hiking trail network, control of soil erosion at the trails, enhancement of vegetation coverage, addition of lookout points, enrichment of visitor information, etc. • The 10 hiking trails are Lion Rock Historic Walk (Lion Rock Country Park), Shing Mun Historic Walk (Shing Mun Country Park), Aberdeen Reservoirs Walk (Aberdeen Country Park), Lantau Trail Section 3 (Lantau South Country Park), Wang Tsat Ancient Trail (Pat Sin Leng Country Park), Luk Keng War Relics Trail (Pat Sin Leng Country Park), Pak Tam Chung to Tai Tun (Sai Kung West Country Park), Twisk to Shek Lung Kung (Tai Lam Country Park), Tai Tong to Wong Nai Tun Reservoir (Tai Lam Country Park) and Tai To Yan (Lam Tsuen Country Park). • Enhancement works on Tai Tong to Wong Nai Tun Reservoir and Lion Rock Historic Walk commenced in late 2021 and are expected to complete in the first quarter of 2023.
<p>“Design District Hong Kong” (#ddHK) – tourism projects with creative, artistic and cultural elements</p>	<ul style="list-style-type: none"> • TC is preparing to launch a new phase of #ddHK between 2022 and 2024, with a view to continuing the promotion of distinctiveness of local neighbourhoods and enrichment of visitors’ travel experience with creative and artistic elements. Funding for the project is \$42 million for three years. Vetting of tender submissions for curatorial services is in progress. • #ddHK is a creative tourism project implemented through cross-sector collaboration. The first phase of four-year programme was launched in 2018 to 2021 with various place making artworks and creative tourism events to enhance tourism resources and the appeal of local neighbourhoods. During the 4 years, various activities were rolled out under the project, including display of more than 80 pieces of design art works at different locations in Wan Chai District, Sham Shui Po District and harbourfront of the Victoria Harbour, and hosting of 2 fashion street events, thereby enriching the creative atmosphere, activating the public space and showcasing local cultural lives.
<p>“Yim Tin Tsai Arts Festival”</p>	<ul style="list-style-type: none"> • TC is preparing to launch a second phase of “Yim Tin Tsai Arts Festival” from 2022 to 2024, which will progressively expand to neighbouring islands in Sai Kung. Funding for the project is \$40 million for three years. TC already identified a suitable curatorial organisation through open tender in early 2022.

Initiatives	Details and Latest Progress
	<ul style="list-style-type: none"> • “Yim Tin Tsai Arts Festival” commenced in 2019 and was a three-year pilot arts cum cultural, historical and green tourism project organised at Yim Tin Tsai, Sai Kung by TC through collaboration amongst artists, youngsters and Yim Tin Tsai villagers. • Spanning over 3 phases, the Arts Festival completed in July 2021. Some of the artworks showcased have become permanent exhibits for visitors’ appreciation. The Arts Festival was well received by the media and the public. During the 3 phases, the number of visitors as well as the participants joining guided tours and programmes was close to 210 000. Through the Arts Festival, Yim Tin Tsai has become a tourist attraction, thereby revitalising the island as well as the community there.
<p>“City in Time ” - Tourism project making use of creative and multimedia technology</p>	<ul style="list-style-type: none"> • TC is preparing to launch the second phase of “City in Time” from 2022 to 2024. Funding for the project is \$32 million for 3 years. • “City in Time” is a project which TC partners with the School of Creative Media, City University of Hong Kong, and it involves using augmented reality and creative multimedia technology through mobile application to bring back to life the history of individual landmarks of Hong Kong, and to enable visitors to understand the historical landscape and community culture, thereby enhancing their experience in Hong Kong. Phase I was completed in March and April 2021 at 28 spots in the Central, Jordan, the Peak, Sham Shui Po, Tsim Sha Tsui and Yau Ma Tei areas.

HKTB has been actively promoting to visitors Hong Kong’s characteristic tourism products. HKTB will launch promotion in tandem with the aforementioned projects.

The pandemic has brought a new normal to the global tourism landscape. In 2021-22, HKTB conducted a series of research studies by analysing travel trends, types of visitors, new normal in the tourism industry, Hong Kong’s tourism advantages in promoting tourism, etc. HKTB will formulate a new promotional plan, and, subject to the actual pace of travel resumption, promote the new tourism brand to attract visitors to return to Hong Kong as the top-of-mind travel destination soon after the pandemic. The expenditure of the related work in 2021-22 was \$6 million. HKTB is reviewing the latest situation and will flexibly adjust its plan to establish a new tourism brand and positioning for Hong Kong.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)051

(Question Serial No. 0283)

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) (Miss Eliza LEE)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Government rolled out the Green Lifestyle Local Tour Incentive Scheme and the Travel Agents Incentive Scheme in late 2019. According to this year's Budget, the Government will earmark \$1.26 billion to support and develop the tourism industry, of which \$600 million will be used to implement a 3-year scheme entitled "Cultural and Heritage Sites Local Tour Incentive Scheme", as well as the operation of the Green Lifestyle Local Tour Incentive Scheme. Please advise this Committee of:

- (1) the respective actual amounts of subsidies granted under the 2 existing Schemes since their implementation in 2019; and whether the financial commitments to these 2 Schemes will be increased in the coming financial year; and
- (2) the specific details and implementation timetable of the Cultural and Heritage Sites Local Tour Incentive Scheme, and the financial commitment that the Government will earmark for the Scheme.

Asked by: Hon YIU Pak-leung (LegCo internal reference no.: 2)

Reply:

The Travel Agents Incentive Scheme (TAIS) was launched on 18 November 2019, and the Hong Kong Tourism Board and the Travel Industry Council of Hong Kong (TIC) are the implementation agents. As at end February 2022, around \$66 million cash incentive was disbursed.

The Green Lifestyle Local Tour Incentive Scheme (GLIS) was launched on 20 January 2020 with TIC as the implementation agent. As at end February 2022, around \$46 million cash incentive was disbursed. The Tourism Commission has urged TIC to expedite processing of the applications at full steam with a view to disbursing cash incentive as soon as possible.

TIC expects that disbursement of cash incentive for all green lifestyle local tour itineraries which took place before 31 March 2022 would be completed by end June 2022.

To further support the travel industry, the Government has increased the total funding commitment for TAIS and GLIS by around \$14 million and \$300 million (the latter involves funding from the Anti-epidemic Fund^{Note}) to around \$168 million and \$400 million respectively, and have extended both schemes, with a view to providing the trade with more opportunities to benefit from them upon stabilisation of the COVID-19 epidemic and gradual resumption of tourism activities under stringent health precautionary measures.

The 2022-23 Budget has earmarked \$600 million for implementing a three-year scheme entitled “Cultural and Heritage Sites Local Tour Incentive Scheme” (the scheme), which aims to encourage the travel trade to leverage the opportunities arising from Hong Kong’s rich culture and heritage resources and progressive completion of a number of major cultural and leisure facilities to develop and launch more tourism products with cultural and heritage elements, and to support the operation of GLIS. The scheme will provide the travel trade and practitioners with business and job opportunities, and will assist to enhance the standards of attractions and their supporting facilities, as well as the services of tourist guides and other aspects, so as to be better prepared for the return of visitors. The scheme is expected to benefit some 1 600 travel agents and some 20 000 tourist guides and tour escorts. The Tourism Commission will listen to the views of the travel trade and formulate the details of the scheme, and will, upon the stabilisation of the epidemic, announce the details in 2022 in due course.

Note: Funding under the Anti-epidemic Fund is outside the scope of the Appropriation Bill or the estimates of the General Revenue Account.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)052****(Question Serial No. 0284)**

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) (Miss Eliza LEE)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It has been 5 years since the Tourism Commission promulgated the Development Blueprint for Hong Kong's Tourism Industry (Development Blueprint), during which the overall tourism landscape in Hong Kong has been drastically changed due to the violent riots and the COVID-19 pandemic. Will the Government advise this Committee of the following:

- (1) whether the Development Blueprint will be updated; and
- (2) whether a regular review mechanism will be established for mapping out a five-year development plan with the provision of corresponding resources for the tourism industry, so that the trade can have a better grasp of the future roadmap and timely adjust their business strategies?

Asked by: Hon YIU Pak-leung (LegCo internal reference no.: 3)

Reply:

The Government promulgated in 2017 the Development Blueprint for Hong Kong's Tourism Industry (the Blueprint), setting out the development strategies for the long term development of Hong Kong's tourism, including developing a diversified portfolio of visitor source markets, nurturing tourism products and initiatives with local and international characteristics, promoting the development of smart tourism, and upgrading the service quality of tourism industry. The Blueprint's vision is to develop Hong Kong into a world-class premier tourism destination. The development strategies set out in it echo with the guiding directions of the Outline Development Plan for Guangdong-Hong Kong-Macao Greater Bay Area (the Outline Development Plan) and the Culture and Tourism Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area (the CTD Plan). The Blueprint, the Outline Development Plan and the CTD Plan will continue to steer the development direction of the tourism industry of Hong Kong.

During the past 4 years or so, the Government has implemented various measures and initiatives according to the Blueprint, including striving to enhance local tourism resources, developing projects in relation to cultural, heritage, creative and green tourism with characteristics, proactively reviewing Hong Kong's tourism positioning and establishing the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) tourism brand through the Hong Kong Tourism Board (HKTb), as well as establishing the Travel Industry Authority at end-2019 with a view to implementing the statutory licensing and regulatory regime in 2022 for upgrading the professionalism and service quality of the travel trade, etc.

To implement the strategy of nurturing tourism products and initiatives with local and international characteristics set out in the Blueprint and further promoting the development of cultural and heritage tourism, the 2022-23 Budget has earmarked \$600 million for implementing a three-year scheme entitled "Cultural and Heritage Sites Local Tour Incentive Scheme", which aims to encourage the travel trade to leverage the opportunities arising from Hong Kong's rich culture and heritage resources and progressive completion of a number of major cultural and leisure facilities to develop and launch more tourism products with cultural and heritage elements, and to support the operation of the Green Lifestyle Local Tour Incentive Scheme. The Budget has also earmarked \$60 million for funding the training of tourism practitioners for 3 years, with a view to further improving the professional standards and service quality of the industry. The remaining sum of \$600 million in the earmarked funding will be used for supporting the work of HKTb to revive the tourism industry and implement the CTD Plan.

When cross-boundary travel fully resumes, the Government will continue to implement the strategies of the Blueprint in relation to proactively integrate into the overall development of our country, co-operate with cultural and tourism departments of other GBA cities, as well as supporting HKTb in taking forward publicity jointly with tourism promotion bodies of Guangdong and Macao. The aim is to attract overseas and high value-added overnight tourists to embark on GBA multi-destination journeys via Hong Kong, thereby continuing to strengthen Hong Kong's position as a core demonstration zone for multi-destination tourism and an international tourism hub, as well as promoting the overall tourism development within the GBA. The Tourism Commission will continue to play its role in tourism policy planning, collaborate with relevant bureaux/departments and different stakeholders including HKTb and the Travel Industry Council of Hong Kong, and maintain liaison with the Ministry of Culture and Tourism and the GBA cities with a view to implementing the directions set out in our country's major planning documents relating to tourism and the Blueprint and ensuring the industry's stable and orderly development.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)053

(Question Serial No. 0313)

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) (Miss Eliza LEE)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

For the promotion of local green and in-depth tourism, Hong Kong has to improve the supporting facilities of our tourist attractions for the convenience of the public and tourists, with a view to enhancing their travel experience. It has been mentioned in the latest two Budget Speeches that the Government will enhance the facilities in our hiking trails and country parks, and enhance the supporting facilities of tourist attractions. Please inform this Committee of:

- (1) in 2021-22, the results achieved and actual expenditures incurred regarding the enhancement to hiking trails and country parks; and
- (2) in 2022-23, the specific plans and estimated expenditure involved regarding the enhancement to the supporting facilities of tourist attractions.

Asked by: Hon YIU Pak-leung (LegCo internal reference no.: 4)

Reply:

The Tourism Commission (TC) has been working with relevant government departments, including the Agriculture, Fisheries and Conservation Department (AFCD) and the Civil Engineering and Development Department (CEDD), to strengthen the appeal of green tourism offerings in Hong Kong through enhancing tourism supporting facilities of hiking trails and the facilities of the Wong Nai Chung Gap Trail (WNCGT) which has war relics and other components of local history; developing a hiking hub in Lantau and planning for a similar development at Pak Tam Chung; face-lifting of Yim Tin Tsai Pier and Ma Liu Shui Ferry Pier; and upgrading the facilities in the Hong Kong Wetland Park (HKWP). Details and estimated expenditure of the aforementioned tourism products are as follows:

Tourism Products	Details and Estimated Expenditure
<div data-bbox="154 181 544 1124">(1) “Enhancement of Hiking Trails” Phase I</div> <div data-bbox="154 1124 544 2074">Phase II</div>	<ul style="list-style-type: none"> • TC, in collaboration with AFCD, has been taking forward “Enhancement of Hiking Trails - Phase I” from 2018-19 to 2022-23, to enhance tourism supporting facilities of 10 hiking trails in country parks which are popular and with tourism appeal. The funding for the project is \$75 million for 5 years. • Enhancement works mainly include improvement to existing hiking trail network, control of soil erosion at trails, enhancement of vegetation coverage, addition of lookout points, enrichment of visitor information, etc. • The hiking trails with enhancement works completed in 2021-22 are MacLehose Trail Section 4 (Ma On Shan Country Park), Wilson Trail Section 2 (Tai Tam Country Park and Tai Tam Country Park (Quarry Bay Extension)) and Sharp Island Country Trail (Kiu Tsui Country Park). Enhancement works on the tenth hiking trail (i.e. Lau Shui Heung to Hok Tau Twin Reservoirs Walk (Pat Sin Leng Country Park)) commenced in late 2021, and are expected to complete in the fourth quarter of 2022. • TC, in collaboration with AFCD, has been taking forward “Enhancement of Hiking Trails - Phase II” from 2021-22 to 2025-26, to enhance the tourism supporting facilities of another 10 hiking trails with a view to further enriching green tourism resources. The funding for the project is \$55 million for 5 years, and enhancement works are similar to those of Phase I. • The 10 hiking trails are Lion Rock Historic Walk (Lion Rock Country Park), Shing Mun Historic Walk (Shing Mun Country Park), Aberdeen Reservoirs Walk (Aberdeen Country Park), Lantau Trail Section 3 (Lantau South Country Park), Wang Tsat Ancient Trail (Pat Sin Leng Country Park), Luk Keng War Relics Trail (Pat Sin Leng Country Park), Pak Tam Chung to Tai Tun (Sai Kung West Country Park), Twisk to Shek Lung Kung (Tai Lam Country Park), Tai Tong to Wong Nai Tun Reservoir (Tai Lam Country Park) and Tai To Yan (Lam Tsuen Country Park). • Enhancement works on Tai Tong to Wong Nai Tun Reservoir and Lion Rock Historic Walk commenced in late 2021, and are expected to complete in the first quarter of 2023.

Tourism Products	Details and Estimated Expenditure
(2) Upgrading the facilities of WNCGT	<ul style="list-style-type: none"> • TC, in collaboration with AFCD, the Architectural Services Department (ArchSD) and other relevant departments, has worked out the proposal for upgrading the facilities of WNCGT, including improvement works of tourism supporting facilities, repair works of damaged paths, etc. The estimated expenditure of works is \$4 million. ArchSD has appointed a consultant to make preparation before works commence, including the design proposal for tourism supporting facilities, details of the tender exercise, etc. It is expected that works will commence in the third quarter of 2022 for completion in the first quarter of 2023.
(3) Development of a hiking hub in Lantau	<ul style="list-style-type: none"> • Renovation of the Ngong Ping Nature Centre (the Centre) was completed in end November 2021. To enrich visitors' travel experience in Lantau, the renovated Centre offers interactive exhibits to provide visitors with hiking information as well as new map and hiking pole lending services, and provides members of the public with guided tour services. The cost of the renovation works and the estimated operating cost of the renovated Centre for the first two financial years are about \$6.1 million. • Besides, the Government commenced improvement works on the hiking trails near the Centre in 2019. Works include improving some sections of Nei Lak Shan Country Trail and Lantau Trail, enhancing visitor signage, as well as expanding and constructing viewing platforms. The works on enhancing visitor signage and part of the improvement works on hiking trail sections have been completed, while the remaining works are expected to be completed in phases within 2022. The estimated expenditure of works is around \$15 million.
(4) Planning study of developing Pak Tam Chung into a green tourism hub	<ul style="list-style-type: none"> • TC, in collaboration with AFCD and ArchSD, is conducting a planning study of developing Pak Tam Chung into a green tourism hub to further promote green tourism. The consultant engaged by AFCD is expected to complete the planning study by the first quarter of 2022. Taking into account the findings of the study, we would draw up an implementation plan.
(5) Face-lifting of Yim Tin Tsai Pier and Ma Liu Shui Ferry Pier	<ul style="list-style-type: none"> • TC, in collaboration with CEDD, has been carrying out improvement works on the Yim Tin Tsai Pier and the Ma Liu Shui Ferry Pier, the latter of which is a gateway to the Hong Kong UNESCO Global Geopark, with a view to improving the supporting facilities of green attractions at remote areas. The improvement works cover new roof

Tourism Products	Details and Estimated Expenditure
	<p>canopy, benches, railings, pier name plate, floor paving, information board, provision of free public Wi-Fi service, etc.</p> <ul style="list-style-type: none"> • The face-lifting works on the Yim Tin Tsai Pier commenced in November 2021 for completion in the second half of 2022. The estimated expenditure of works is around \$9 million. • The face-lifting works on the Ma Liu Shui Ferry Pier were completed in February 2022. The cost of works is around \$6 million.
(6) Upgrading of the facilities in HKWP	<ul style="list-style-type: none"> • TC, in collaboration with AFCD, has drawn up an implementation plan for upgrading the exhibition and visitor facilities in HKWP and has obtained funding approval from the Legislative Council, totalling \$135 million, to take forward the plan. The upgrading works commenced in September 2021, and are expected to complete in phases tentatively from the fourth quarter of 2022 to the fourth quarter of 2024.

Besides, to enrich visitors' experience and enjoyment at the countryside, the Government set aside \$500 million in the 2021-22 Budget for AFCD to carry out enhancement works on facilities in some country parks, which is an initiative under the policy purview regarding nature conservation and country parks under the Environment Bureau. According to the information provided by AFCD, the enhancement works on country parks include providing additional recreational elements like viewing platforms, tree top adventure and glamping sites; improving toilet facilities, barbecue and picnic sites; and revitalising some wartime relics by converting them into open museums. The new facilities will adopt green architecture as far as practicable displaying low carbon and green design that integrates with the natural surroundings, and also apply inclusive designs having regard to the needs of people of different ages and physical abilities.

AFCD has commenced the enhancement works, which include reconstruction works for the public toilets at Bride's Pool and Tai Tam Tuk, construction of a new public toilet at Pak Kung Au on Lantau Island, and setting up a new viewing platform overlooking Po Pin Chau and associated hiking facilities of the Sai Kung East Country Park. After completion of the design and technical assessments of the enhancement facilities, the new facilities are expected to be rolled out gradually in the next 2 to 3 years for public enjoyment. The project estimates are as follows:

Project	Project Estimate (\$ million)	Estimate 2022-23 (\$ million)
(1) Reconstruction of the public toilet at Bride's Pool Road	23.75	5.00
(2) Reconstruction of the public toilet at Tai Tam Tuk	26.60	4.00
(3) Provision of a new public toilet at Pak Kung Au	16.00	3.50
(4) Provision of a viewing platform overlooking Po Pin Chau and associated hiking facilities at Sai Kung	12.25	2.09

As for enhancement projects of larger scale such as tree top adventure and open museums for wartime relics, AFCD will carry out feasibility studies and collect views from relevant stakeholders through public engagement activities to determine specific locations and details. AFCD is undertaking preparatory works for commissioning consultants to conduct feasibility studies. It is anticipated that relevant studies will commence gradually in 2022-23.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)054

(Question Serial No. 0314)

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) (Miss Eliza LEE)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Smart tourism will be the direction of tourism development in the future. Hong Kong should, by making good use of the window period before the resumption of quarantine-free travel, make tremendous efforts to develop smart tourism and narrow the gap between the Mainland and Hong Kong. The Financial Secretary proposed in the 2019-20 Budget that a consultancy study on strategies and initiatives to promote smart tourism would be commissioned. Please inform this Committee of the following:

- (1) the expenditure and progress of the consultancy study on smart tourism;
- (2) whether the Government has formulated short, medium and long-term strategies for promoting smart tourism;
- (3) the projects launched by the Government for the development of smart tourism since 2019 with related expenditures in table form; and
- (4) the provision earmarked for promoting smart tourism this year.

Asked by: Hon YIU Pak-leung (LegCo internal reference no.: 6)

Reply:

The consultancy study on smart tourism is at its final stage, and the estimated expenditure is about \$3 million. After completion of the study, we will consider the recommendations and map out the way forward.

The projects and related expenditures for the development of smart tourism from 2019-20 to 2021-22 are as follows:

Items	Related Expenditures
<u>Financial Year 2019-20</u>	
We commissioned a consultancy study on strategies and initiatives to promote smart tourism in Hong Kong so as to better grasp visitors' travel habits and enhance their travel experience through the use of technology	About \$3 million
The official landing page "Visit Hong Kong" was extended to cover Lok Ma Chau Spur Line control point, and the page enabled visitors just arriving in Hong Kong to access useful tourism information of Hong Kong via mobile devices for free.	About \$1.2 million (including website enhancement and promotion)
<u>Financial Year 2020-21</u>	
The official landing page "Visit Hong Kong" was enhanced and maintained to facilitate visitors just arriving in Hong Kong to access useful tourism information of Hong Kong via mobile devices for free.	About \$1.34 million (including website enhancement)
"City in Time" brings back to life the history of individual landmarks of Hong Kong by using augmented reality and creative multimedia technology through mobile application, and to enable visitors to understand the historical landscape and community culture, thereby enhancing their experience in Hong Kong. Phase I was completed in March and April 2021 at 28 spots in the Central, Jordan, the Peak, Sham Shui Po, Tsim Sha Tsui and Yau Ma Tei.	About \$21 million (Total expenditure for 3 years)
The Hong Kong Tourism Board (HKTB) has fully revamped the official website discoverhongkong.com in 2018-19 to enhance user experience. HKTB launched the revamped official website in 2020. New features include responsive design, personalised content delivery, content targeting optimisation, and a new artificial intelligence-driven application to help visitors plan their itineraries.	About \$27 million (Total expenditure for 3 years)
<u>Financial Year 2021-22</u>	
Starting from 2021-22, HKTB has been developing a new one-stop digital platform to provide visitors with first-hand information and promotional offers while opening up new business opportunities for the travel trade. HKTB will also strengthen the security system of the website and enhance its online applications.	About \$21 million (Financial year 2021-22)

In 2022-23, the projects and estimated expenditures for promoting smart tourism are as follows:

Items	Estimated expenditures
TC is preparing to launch Phase II of the “City in Time” project in other districts in Hong Kong from 2022 to 2024 with a view to providing citizens and tourists with enriched travel experience.	About \$32 million (for 3 years)
HKTB will continue to develop its one-stop digital platform, encompassing city-wide offers from merchants and embedding features such as automatic, customised itinerary scheduling, real-time maps and enquiry services on a round-the-clock basis to provide the latest information to visitors. HKTB will also establish a data system and strengthen the information technology facilities to analyse and grasp the latest needs of visitors for targeted promotions. In addition, HKTB will explore incorporating functions of the landing page website into the platform to provide a more comprehensive service to visitors.	About \$28 million (Financial year 2022-23)

In addition, the Government has incorporated smart elements into different tourism projects to enhance visitors’ experience. For instance:

- In the “Design District Hong Kong” project, virtual sculptures produced through the application of augmented reality were displayed in Wan Chai District to showcase local livelihoods of the district in the past;
- For the “Yim Tin Tsai Arts Festival”, all the artworks and signages have been installed with QR codes connecting to the website of the Arts Festival. Starting from the second event in February 2021, a 360-degree virtual reality function was made available on the official website of the Arts Festival, and a series of online guided tours and programmes were organised;
- In the project to upgrade the exhibition and visitor facilities in the Hong Kong Wetland Park, adopting latest technology to enhance the quality of screen display of exhibits as well as to provide immersive environment with simulated visual features so as to bring to visitors more interesting and interactive visiting experience;
- Increase the application of QR codes in tourism facilities so that visitors could better understand the history and background of tourist spots, including applying QR codes on the artworks of Dr Sun Yat-sen’s Historical Trail launched in 2018; the newly-added facilities and viewing platform under the improvement works of “Wisdom Path” completed in 2019; and the upgrading of facilities of the Wong Nai Chung Gap Trail which is under preparation; and

- Real-time weather panels and interpretation panels with QR codes linking to the Agriculture, Fisheries and Conservation Department's "Enjoy Hiking" thematic website and TC's website have been installed under the "Enhancement of Hiking Trails" project since 2018.

As the smart elements in each of the above projects are part of the projects, the associated expenses cannot be quantified separately.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)055

(Question Serial No. 0315)

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) (Miss Eliza LEE)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The future of tourism lies in in-depth tourism and online travel. The tourism industry is facing transformation and upgrading, it is essential to provide practitioners with professional training programmes. Meanwhile, to maintain Hong Kong's status as an international aviation hub and its strength in the hotel industry, we should take a progressive approach in nurturing talents for the aviation and hotel industries. Will the Government inform this Committee of the following:

- (1) It is mentioned in the Budget that a sum of \$60 million will be used to sponsor the training of tourism practitioners for three years. What is the detailed plan?
- (2) Owing to the epidemic, only 3 000 or so tourist guides have been subsidised under the Continuing Professional Development Scheme for Tourist Guides. Does the Bureau have any plan to extend the application period of the scheme which will end on 31 March?
- (3) Will the Bureau work with the Labour and Welfare Bureau to increase funding to the Love Upgrading Special Scheme so as to provide further learning opportunities for practitioners in the relevant industries?

Asked by: Hon YIU Pak-leung (LegCo internal reference no.: 7)

Reply:

The Culture and Tourism Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area (the CTD Plan) sets out the guiding directions for the cultural and tourism development of the Guangdong-Hong Kong-Macao Greater Bay Area (GBA), including "shaping tourism with cultural activities and promoting culture through tourism". It

echoes with the strategies for the long term development of tourism put forward in the Development Blueprint for Hong Kong's Tourism Industry (the Blueprint) promulgated by the Government in 2017. The CTD Plan expressly supports Hong Kong in developing into an international tourism hub and a core demonstration zone for multi-destination tourism. It also suggests various measures for promoting GBA tourism development, including developing GBA-themed tourism products and itineraries, and nurturing tourism talents, etc. The Blueprint also focuses on long term development direction, including nurturing and developing tourism products and initiatives with local and international characteristics, e.g. cultural tourism, heritage tourism, green tourism, and creative tourism, and upgrading the service quality of the tourism industry, etc.

To implement the guiding directions of the CTD Plan and the development strategies set out in the Blueprint, the 2022-23 Budget has earmarked \$60 million for funding the training of tourism practitioners for 3 years, with a view to further improving the professional standards and service quality of the industry, and assisting the trade in nurturing talents in areas such as cultural and heritage tourism for supporting the long term development of the industry. The scheme is expected to benefit some 20 000 tourist guides and tour escorts. The Tourism Commission will listen to the views of the travel trade and formulate the details of the scheme, and will, upon the stabilisation of the COVID-19 epidemic, announce the details in 2022 in due course.

From 2017-18 onwards, the Government allocated funding to the Travel Industry Council of Hong Kong (TIC) to subsidise training joined by tourism practitioners. The Government further allocated funding to TIC for expanding the Training Programme Subsidy Scheme in October 2019 to subsidise tourist guides in completing the Continuing Professional Development Scheme for renewing their passes, and each tourist guide can receive subsidy up to \$1,000. In view of the deferral or suspension of many training courses due to the epidemic, the Government has decided to extend the subsidy initiative for 6 months until 30 September 2022 so as to allow more time for tourist guides to complete courses and apply for subsidy.

The Love Upgrading Special Scheme implemented by the Employees Retraining Board offers tourism-related courses with different themes, including eco-tour and heritage related, etc., which will be conducive to enhancing the professional knowledge and skills of tourism practitioners. The expenditure for implementing the Love Upgrading Special Scheme has been included in the Government's injection of \$2.5 billion into the Employees Retraining Fund in 2020.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)056

(Question Serial No. 0316)

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) (Miss Eliza LEE)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The convention and exhibition (C&E) industry has been hit hard by the epidemic and its business is unlikely to recover within a short period of time. Other than the Convention and Exhibition Industry Subsidy Scheme launched at the onset of the epidemic, no other support measures have been introduced to assist the C&E industry. Will the Government inform this Committee:

- (1) of the measures implemented to support the C&E industry in the last financial year; and
- (2) of a specific plan and timetable to support the C&E industry in this financial year; of the estimated expenditure and expected results?

Asked by: Hon YIU Pak-leung (LegCo internal reference no.: 9)

Reply:

The Government launched the Convention and Exhibition Industry Subsidy Scheme (the Scheme) in October 2020 with a total commitment of \$1,070 million with a view to attracting more major convention and exhibition (C&E) events to Hong Kong. As at 31 March 2022, the Scheme provided a total subsidy of about \$305 million to 118 exhibitions, bringing job opportunities to all related personnel in the industry.

In addition, the Government allocated part of the Scheme's funding in October last year to provide a one-off immediate relief to private organisers of exhibitions with a clear track record of being held in Hong Kong to help them cope with the impact of the prolonged postponement or cancellation of exhibitions under the pandemic. Private organisers of exhibitions which were held at the Hong Kong Convention and Exhibition Centre or AsiaWorld-Expo in at least any 5 calendar years from 2015 to 2021 may apply for the one-off immediate relief. The amount of the immediate relief is equivalent to 20 per cent

of the average annual rental of the relevant exhibitions, subject to a cap of \$1 million per event. The Government provided a total subsidy of about \$41 million of one-off immediate relief to organisers of 73 exhibitions.

As at 31 March 2022, the Scheme has a balance of some \$720 million and will continue to provide support for the C&E industry. Depending on the development of the pandemic and the utilisation of the funding of the Scheme, the Government will consider further extending the validity of the Scheme. Meanwhile, the Government will also actively consider attracting more event organisers to organise C&E activities in Hong Kong when the pandemic situation stabilises, facilitating the recovery of the industry after the pandemic.

Furthermore, the C&E industry has been flexible in responding to the pandemic and organising events via online or hybrid mode. In order to cater for the new normal under the pandemic and further assist enterprises in Hong Kong to cope with the business environment affected by the pandemic, the Government will provide an additional subvention of a total of \$301 million from 2021-22 to 2023-24 to the Hong Kong Trade Development Council (TDC) to develop virtual platforms to enhance its capability in organising hybrid events to provide a seamless event experience for users (for example, enhancing instant interaction functions, using artificial intelligence to help users conduct year-round business matching). The TDC will also proceed with digitalisation and strengthen big data analysis, so as to provide SMEs with services that are more effective and better suit their needs.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)057

(Question Serial No. 0406)

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) (Miss Eliza LEE)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Travel Industry Authority (TIA) is a statutory regulatory body. Its establishment took years of preparation and legislative efforts. Will the Government inform this Committee of the following:

- (1) the expenditure involved over the past two years;
- (2) has the Government set any timetable and roadmap in respect of the implementation of the new regulatory regime for the travel industry; and
- (3) the Government has allocated \$350 million as seed money for the TIA in 2020, but tourism is hard hit by the epidemic and it has a long road to recovery, hence affecting the revenue of the TIA. What is the current financial position of the seed money? Under what circumstances will the Government consider making another injection to the seed money?

Asked by: Hon YIU Pak-leung (LegCo internal reference no.: 5)

Reply:

The Travel Industry Ordinance (Cap. 634) (the Ordinance) was passed by the Legislative Council (LegCo) in November 2018 for commencement in 2 phases. Provisions of the Ordinance for establishing the Travel Industry Authority (TIA) came into operation in December 2019. The Chief Executive has appointed members to TIA for a second term with effect from 1 January 2022.

In 2020-21 and 2021-22, the actual expenditure and estimated expenditure of the establishment of TIA are about \$12.1 million and \$11.5 million respectively.

TIA is pressing ahead in full steam to prepare for establishing the new regulatory regime, including making necessary subsidiary legislation in accordance with the Ordinance, directives applicable to licensees as well as other proposals related to the implementation of the new regulatory regime, etc. TIA completed on 5 April 2022 the two-month trade consultation on the details of the new regulatory regime of the travel industry. The Government and TIA expect that the subsidiary legislation to be made under the Ordinance would be submitted to LegCo in the second quarter of 2022 for negative vetting, with a view to making the final preparation for the full implementation of TIA within 2022.

To support the initial operation of TIA, the Government allocated to TIA in end February 2020 \$350 million as seed money. TIA has been closely monitoring its financial situation and has set up a standing committee to advise it on issues relating to financial management (including investment). If TIA seeks additional funding from the Government to meet its needs, the Government will consider the request in accordance with the established procedures.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)058****(Question Serial No. 0090)**

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) (Miss Eliza LEE)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Government has proposed to allocate \$135 million to the Trade Development Council (TDC) over the next three years for the introduction of the Support Scheme for Pursuing Development in the Mainland (the Support Scheme), with priority accorded to the Greater Bay Area. Under the scheme, training and exchange programmes, business missions as well as promotion activities will be organised. In this connection, will the Bureau inform this Committee of the following:

1. Regarding the performance indicators in respect of Hong Kong's external trade, it is estimated that the number of promotion events and fairs held, the number of business enquiries handled, and the number of individuals and units involved in various events will increase in 2022. Among the new events, how many of them pertain to the Support Scheme? Please list the number and type of events as well as the timetable for events planned to be held in different cities (including the Mainland and other regions) in 2022.
2. In the light of the development of the epidemic situation, it is at least expected that the Bureau can hardly hold a large number of events in the first quarter of 2022. The situation in the second quarter and further is also unpredictable. In this regard, what are the reasons for the projection of the Bureau that the events to be held this year will be more than those held in the past two years?
3. The estimated financial provision for the TDC for 2022-23 is less than that of 2021-22. However, the TDC is tasked with the responsibility of strengthening support for small and medium enterprises to tide over the difficulties brought by the epidemic, supporting the recovery of the local economy and implementing the Support Scheme. Will the Bureau inform this Committee of the percentage of the estimated allocation for rendering support during the epidemic, and explain the reasons for the reduction in the estimate?

Asked by: Hon YUNG Hoi-yan (LegCo internal reference no.: 5)

Reply:

The Support Scheme for Pursuing Development in the Mainland (the Support Scheme) aims to facilitate Hong Kong businessmen, professional services practitioners and entrepreneurs that are already based in the Mainland to seize business opportunities there. The Hong Kong Trade Development Council (TDC) will, through its network of Mainland offices and in partnership with relevant Mainland-based Hong Kong business associations, organise a variety of practical activities on various areas of commerce and professional services, including online and offline training, exchange programmes, business missions as well as promotion activities. The TDC will also organise and participate in mega marketing and promotional events. These events will help Hong Kong companies gain a deeper understanding of the local business environment, expand their business networks in different cities and regions and better integrate into the overall development of our nation. The Support Scheme will focus on markets with a larger number of Hong Kong businesses, covering Guangdong-Hong Kong-Macao Greater Bay Area cities like Guangzhou and Shenzhen, and other cities with higher potential opportunities such as Beijing, Shanghai, Wuhan, Chengdu and Chongqing. The TDC's Mainland offices will engage relevant Hong Kong business associations based in the Mainland with a view to launching activities including cross-region business missions, consulting services and exchange programmes, etc. as soon as practicable.

Every year, the TDC organises various events in Hong Kong, the Mainland as well as around the world, promoting Hong Kong's advantages and assisting small and medium enterprises (SMEs) in Hong Kong to explore market opportunities. In the past two years, the TDC has been adjusting the activities in different places in light of the development of the pandemic. The TDC will continue to strive to organise events worldwide through different formats, including online, offline or hybrid mode, where circumstances permit.

Government subvention is one of the sources of the TDC's income. The subvention to the TDC is determined having regard to the Government's financial position, the TDC's funding requirements, demands for trade-related services, inflation or deflation situation, etc.

The TDC's activities for the year are all aimed at supporting SMEs in meeting the challenges of doing business under the pandemic. The related expenditure has been subsumed under the overall estimated expenditure and staff establishment of the TDC, and cannot be quantified separately.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)059****(Question Serial No. 0091)**

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) (Miss Eliza LEE)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The tourism industry, being one of the four major traditional industries in Hong Kong, has been hard hit by the epidemic. Regarding helping the tourism industry to recover, will the Bureau inform this Committee of the following:

1. What is the proportion of provision to be allocated for promoting local tourism in the estimated financial provision for 2022-23?
2. Further to (1) above, what is the Government's detailed plan for promoting local tourism with the closures of Hong Kong's two major theme parks, i.e. the Ocean Park Corporation and the Hong Kong Disneyland Resort, and difficulties envisaged for staging large-scale MICE (meetings, incentive travels, conventions, and exhibitions) events under the epidemic? What are the types, specific timetables, number of participants and anti-epidemic measures concerning the promotional events? Will the Government consider providing funding directly to the two major theme parks to sustain their operation?
3. It is difficult for the cruise industry to operate with the restrictions imposed by the local anti-epidemic measures, as a result, a number of mega-size cruise ships have sailed to other countries or regions for business. While the Bureau indicated that it would work closely with the Advisory Committee on Cruise Industry, the operators of the two cruise terminals and the Hong Kong Tourism Board to promote cruise tourism having regard to the progress of resumption of cruise travel, what are the government's plans to attract cruise ships to return for business? What are the estimated expenditure to be incurred as well as the relevant timetables?
4. The Bureau indicated that it would liaise and collaborate with relevant Mainland authorities to promote tourism. In this connection, are there any plans to foster co-operation with countries or regions other than the Mainland? If yes, what are the details; if no, how will the Bureau fulfil its aim to "maintain Hong Kong's position as a key tourist destination in Asia"?

Asked by: Hon YUNG Hoi-yan (LegCo internal reference no.: 6)

Reply:

Under the COVID-19 pandemic, the Government has been striving to create room for business for the tourism industry by striking an appropriate balance between pandemic containment and resumption of economic activities. With the stabilisation of the pandemic in early 2021, the Government allowed the reopening of the two theme parks in February 2021, and the visitor capacity limit was subsequently relaxed to 75%. Besides, since end-April 2021, the Government also allowed the resumption of organising local group tours of 30 participants or below with conditions, and since end-June 2021, the restriction on the number of participants for group tours with two-thirds of the participants having received the first dose of COVID-19 vaccine had been relaxed to 100 persons. As at early January 2022, around half of the travel agents had registered for organising local group tours involving over 20 000 itineraries in total. Furthermore, “cruise-to-nowhere” itineraries were allowed to resume in end-July 2021, and the passenger capacity of a cruise ship was subsequently relaxed to a maximum of 75%. As at 5 January 2022, the Kai Tak Cruise Terminal had received 88 ship calls and served over 130 000 passengers. However, in view of the worsening of the pandemic situation, the Government has tightened social distancing measures since 7 January 2022. Hence, it is inevitable that the aforementioned tourist facilities and activities have to be closed or suspended from service temporarily.

Promoting local tourism and cruise tourism

The Government will continue to closely monitor the pandemic situation and allow the orderly reopening or resumption of the aforementioned tourist facilities and activities when the pandemic situation has stabilised, while ensuring that public health and safety are duly safeguarded. To complement such efforts:

- the 2022-23 Budget has earmarked \$600 million for implementing a three-year scheme entitled “Cultural and Heritage Sites Local Tour Incentive Scheme”, which aims to encourage the travel trade to leverage the opportunities arising from Hong Kong’s rich culture and heritage resources and progressive completion of a number of major cultural and leisure facilities to develop and launch more tourism products with cultural and heritage elements, and to support the operation of the Green Lifestyle Local Tour Incentive Scheme. The scheme is expected to benefit some 1 600 travel agents and some 20 000 tourist guides and tour escorts;
- Hong Kong Tourism Board (HKTB) will continue to focus on boosting local ambience and consumption in the short term. HKTB will roll out the facelifted “Holiday at Home” programmes with additional cultural, arts and neighbourhood elements to introduce unique experiences and value-for-money offerings. When the pandemic situation has stabilised, HKTB will swiftly relaunch the popular Spend-to-Redeem “Local Tours” and “Staycation Delights” programmes to provide the travel and related trades with business opportunities before cross-boundary/border travel resumes. HKTB has budgeted \$47.5 million to support relevant efforts and will adjust the programmes subject to the pandemic and market situations; and

- to foster recovery of the cruise industry, HKTB will deploy the funding of \$20 million set aside under the sixth round of Anti-epidemic Fund to launch a spend-to-redeem programme for cruise-to-nowhere (CTN) itineraries ^{Note}. Under the programme, a local passenger may enjoy a \$500 discount when booking his CTN itinerary with spending of at least \$800 in physical retail or dining outlets during a specified period. The programme is expected to benefit around 40 000 local cruise-to-nowhere passengers, cruise lines and travel agents selling relevant packages. Besides, HKTB has budgeted \$25.5 million in 2022-23 for promoting cruise tourism, the actual deployment of which will depend on the epidemic situation, progress of travel resumption and ship deployment of cruise lines etc. The above initiatives will provide more incentives for cruise lines to deploy their ships to operate in Hong Kong in future.

Supporting the operation of Ocean Park and Hong Kong Disneyland Resort

Both Ocean Park (OP) and Hong Kong Disneyland Resort (HKDL) could benefit from multiple rounds of the Government's relief measures under the Anti-epidemic Fund during 2020 to 2022, including the Employment Support Scheme and various subsidies for hotels, restaurants, places of public entertainment, etc. ^{Note}

Regarding OP, in May 2020, the Finance Committee of the Legislative Council (FC) approved a funding of \$5,426 million to support the operation of Ocean Park Corporation (OPC) for one year (covering its operating and capital expenditures for its financial year 2020-21), to repay the commercial loans of OPC (including the related financing costs) and to settle the outstanding costs for completing the Tai Shue Wan Development Project. To facilitate the transformation of OP and enable OPC to achieve long term financial sustainability, FC approved the financial arrangements for the future strategy for Ocean Park in March 2021, including the provision of a non-recurrent funding support of \$1,664 million for OPC and the restructuring of government loans provided to OPC. Besides, the Government would provide OPC with a time-limited subvention of not more than \$280 million per year for four financial years between 2022-23 and 2025-26 to support its conservation and education work. OPC is actively implementing the future strategy as scheduled with a view to maintaining its financial health in the long run without seeking Government's further financial support.

As for HKDL, it obtained funding approval of \$5,450 million from FC in May 2017 for implementing a multi-year expansion and development plan within the park at a total project cost estimated at \$10.9 billion. Various new attractions have been rolled out progressively since 2018 to enhance HKDL's attractiveness and enrich tourism resources in Hong Kong. Besides, HKDL will also continue to carefully manage its operating costs and liquidity situation so as to weather through the current very difficult market conditions.

When the pandemic situation has stabilised, the Government will relax relevant social distancing measures in an orderly manner to facilitate reopening of the two theme parks, thereby increasing their income.

Fostering co-operation with overseas source markets

The Government promulgated in 2017 the Development Blueprint for Hong Kong's Tourism Industry (the Blueprint) with the vision to develop Hong Kong into a world-class

premier tourism destination. The Government will continue to implement the strategies of the Blueprint, including developing a diversified portfolio of visitor source markets, nurturing tourism products and initiatives with local and international characteristics, promoting the development of smart tourism, and upgrading the service quality of tourism industry.

HKTB will continue to actively sustain Hong Kong's exposure in overseas visitor source markets to keep Hong Kong as the top-of-mind destination among visitors and attract them to visit and spend in Hong Kong soon after travel resumption. Relevant efforts include:

- repackaging the “360 Hong Kong Moments” series into “360 Hong Kong Everyday” and “360 Hong Kong LIVE Moments”, which will invite global audiences to “explore Hong Kong with their eyes” and experience the many and varied faces and sights of the city by immersing themselves in the vivid footages and contents;
- leveraging the massive social influence and follower network of more than 400 “Hong Kong Super Fans”, especially those who specialise in arts, culture and sports, for spreading positive stories about Hong Kong to the world and create positive words;
- working with regionally and internationally renowned media organisations in producing a series of new programmes on Hong Kong's culinary, outdoor exploration, art and cultural experiences. Highlighted programmes will be relaunched on popular streaming platforms to recall travellers' good impressions about Hong Kong; and
- continuing to organise various mega events and strengthening its support for international events to increase Hong Kong's international exposure.

Hong Kong is a member of the Asia-Pacific Economic Cooperation Tourism Working Group and the Pacific Asia Travel Association, and an associate member of the United Nations World Tourism Organization. We have all along been sending representatives to attend their meetings and maintaining communication with them, and have kept attending meetings online during the pandemic. We will continue to maintain liaison with various tourism organisations overseas, keep abreast of the latest development of the tourism industry worldwide, and maintain communication with different destinations in promoting tourism development of Hong Kong.

Note: Programmes, schemes and subsidies under the Anti-epidemic Fund are outside the scope of the Appropriation Bill or the estimates of the General Revenue Account.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)060

(Question Serial No. 0092)

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) (Miss Eliza LEE)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Government invested a lot of resources in the past to assist the commercial and industrial sectors in exploring business opportunities and promoting trade on the Mainland or overseas. In this connection, will the Bureau inform the Committee of the following:

1. the reasons for a significant decrease of over 87% in the estimated financial provision for 2022-23 as compared with 2021-22.
2. as the Bureau indicated that the responsibilities of the Commerce, Industry and Tourism Branch will not be substantially reduced in 2022-23 and most of them could be continuously discharged, how will the Bureau ensure delivery of the relevant responsibilities despite a significant decrease in the provision?
3. as small and medium enterprises (SMEs) find it hard to survive, does the Government have any plan to revive the industry's ecosystem and resume overall operation apart from enhancing the SME Financing Guarantee Scheme to ease the liquidity problems faced by SMEs?

Asked by: Hon YUNG Hoi-yan (LegCo internal reference no.: 7)

Reply:

The 2022-23 estimate under Programme (2) is \$5.4559 billion (-87.6%) lower than the 2021-22 original estimate, mainly due to the decrease in estimated cash flow requirement for the SME Financing Guarantee Scheme (SFGS). The cash flow is mainly for covering the default claim payments under the SFGS. Given the relief measures such as concessionary low interest and time-limited principal moratorium provided by the Government, the default rates of various guarantee products under the SFGS in 2021-22 were lower than expected. It is estimated that HKMC Insurance Limited, which administers the SFGS, currently should have sufficient fund to cater for a large part of

possible default claims and other relevant expenses in 2022-23. Hence, the estimated cash flow requirement is accordingly reduced, but such reduction will not affect the number of applications approved under the SFGS for 2022-23. Excluding the estimated expenditure of the SFGS, the 2022-23 estimate of the Commerce, Industry and Tourism Branch under Programme (2) is broadly comparable to the 2021-22 original estimate, which will enable us to continue the delivery of various responsibilities under the Programme.

Apart from enhancing the SFGS and extending its application period to end June 2023, to help small and medium enterprises (SMEs) raise competitiveness and develop more diversified markets, the current-term Government has enhanced the SME Export Marketing Fund and Dedicated Fund on Branding, Upgrading and Domestic Sales for several times, by raising their funding limits and expanding the funding scopes, including funding the participation of online trade exhibitions, so as to assist SMEs in developing markets outside Hong Kong and conducting promotion amidst the pandemic.

In addition, in response to the ongoing impact of the pandemic, the Hong Kong Trade Development Council will launch various activities and platforms to support SMEs in exploring business opportunities, including assisting SMEs to enter the Mainland market and launching the Support Scheme for Pursuing Development in the Mainland to support Hong Kong businessmen, professional services practitioners and entrepreneurs to seize the business opportunities in the Mainland market through training and exchange programmes, business missions as well as promotion activities; leveraging on the business and investment opportunities brought by the Belt and Road Initiative and the Regional Comprehensive Economic Partnership to explore the Association of Southeast Asian Nations market; promoting local industries with development potential to the Mainland and overseas markets, in particular healthcare technology, smart city and intellectual property trading, etc. and developing digital platforms to support SMEs in their digitalisation and technological transformation.

Specifically on export trade, the Hong Kong Export Credit Insurance Corporation (ECIC) has been rolling out various measures in the past years to support Hong Kong SMEs to tide over the economic difficulties, assisting the export sector to continue expanding their markets. These measures include:

- ECIC has launched supportive measures in April 2020 in response to the pandemic. The validity period of the measures has been extended to 30 June 2022. The measures provide a range of support to “Small Business Policy” holders (i.e. Hong Kong exporters with annual sales turnover less than \$50 million), including providing free pre-shipment cover; uplifting the credit limits by 20% on all approved buyers to a maximum of \$5 million; increasing the premium discount to 50%; and extending the premium payment due date by one month. Under the measures, ECIC will also provide the following support to all policyholders, including waiving annual policy fee; granting across-the-board payment terms of 120 days; waiving additional premium for buyers’ extension or renewal of payment terms; expediting claims settlement process (claims payment will be made within five days for cases involving amount up to \$1 million upon receipt of relevant documents); simplifying procedures and exercising flexibility in processing claims cases of payment difficulty; and providing 10 additional free buyer credit assessments. As of end-February 2022, there were respectively 1 264 and 1 068 policyholders benefitting from the free pre-shipment cover and 20% credit limit uplift

under the supportive measures in response to the pandemic, involving uplift of credit limits totaling \$881 million. There were respectively 916 and 890 policyholders benefitting from the extension of premium payment due date and additional premium discount, involving \$9.81 million of discount. Also, 2 316 policyholders benefitted from the waiver of annual policy fee, and 2 516 policyholders benefitted from the 120-day payment term;

- In June 2020, ECIC launched the “100% Credit Limit Top-Up Scheme” (the Scheme) to enhance the export credit insurance protection for exporters and provide assistance to the trade sector in face of increasing credit risks. To continue providing enhanced support to the exporters, the Scheme has been extended thrice to 30 June 2022. Under the Scheme, ECIC would automatically double the credit limits of existing policyholders or uplift the limits to the amount applied for, whichever is the smaller, subject to a cap of \$100 million. New credit limit applications will also be topped up in a similar manner. As of end-February 2022, 12 547 credit limits were uplifted, of which 4 094 were new credit limits. Of the \$36.442 billion of credit limits benefiting from the Scheme, the top-up portion amounted to \$16.638 billion, providing protection for a cumulative amount of \$19.255 billion of shipments;
- As mentioned in the 2021 Policy Address, ECIC will launch the “Export Credit Guarantee Programme” on a pilot basis to provide guarantee up to 70% of the export financing of their policyholders at a maximum guarantee limit of \$50 million, thereby enhancing banks’ confidence in granting loan facilities to SMEs. The Programme has just been implemented in March 2022;
- ECIC will also introduce the “Flexible Indemnity Ratio” arrangements in the second half of 2022. Policyholders whose credit limit applications were not fully approved may, according to their needs, automatically increase credit limits of or below 5 million, followed by corresponding indemnity ratio adjustment. ECIC will share the risks together with its policyholders who will receive coverage not less than their existing insurance protection. Such arrangements aim to enhance insurance coverage to exporters that commensurates with the risk levels, enabling them to fulfil larger orders from overseas buyers with greater confidence; and
- ECIC has launched in mid-December 2021 a new Self-Underwritten Policy for SMEs through a new self-service digital platform, “EC Reach 2.0”, enabling eligible policyholders to set their own credit limits online up to \$0.8 million, without the need for separate approval. Meanwhile, the platform will offer fast-track credit limit approval for SME policyholders progressively.

The Government will maintain vigilance on the situation and closely monitor prevailing global economic development, while continuing its support to SMEs in their expansion of the export markets.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)061

(Question Serial No. 0322)

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) (Miss Eliza LEE)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Hong Kong has set up overseas Economic and Trade Offices (ETOs) in Bangkok, Berlin, Brussels, Dubai, Geneva, Jakarta, London, New York, San Francisco, Singapore, Sydney, Tokyo, Toronto and Washington D.C. In this connection, will the Government inform this Committee:

- (1) of the staff establishment, salary expenditure and total expenditure of each ETO in the past 3 years; of the respective estimated salary expenditures and total expenditures in 2022-23;
- (2) of the number of meetings between the 2 ETOs in Washington D.C. and New York and the United States (U.S.) government officials and people, such as members of the U.S. Senate and members of the U.S. House of Representatives, on issues of economic and trade relations between Hong Kong and the U.S., and the manpower and public money involved in the past 3 years;
- (3) of the efforts that have been made/are being made/will be made by the abovementioned ETOs to enable Western countries to have a correct understanding of the real situation in Hong Kong and dispel their misunderstandings about the social situation of Hong Kong?

Asked by: Hon CHAN Siu-hung (LegCo internal reference no.: 4)

Reply:

The staff establishment, personal emoluments and total operational expenses in the past 3 years, as well as the personal emoluments and total operational expenses for the estimate for 2022-23 of the 14 overseas Hong Kong Economic and Trade Offices (ETOs) are as follows:

ETO	2019-20 (\$ million)			2020-21 (\$ million)			2021-22 (Revised Estimate) (\$ million)			2022-23 (Estimate) (\$ million)	
	Staff establishment	Personal emoluments*	Total operational expenses#	Staff establishment	Personal emoluments*	Total operational expenses#	Staff establishment	Personal emoluments*	Total operational expenses#	Personal emoluments*	Total operational expenses#
Bangkok	17	8.8	20.2	17	9.4	22.2	17	11.7	26.8	12.7	30.7
Berlin	17	6.8	32.2	17	12.1	25.4	17	12.1	25.8	15.7	34.2
Brussels	18	19.8	37.2	18	19.3	29.4	18	20.4	34.4	24.1	43.5
Dubai @	-	-	-	-	-	-	17	11.3	22.5	15.1	34.7
Geneva	15	22.1	34.5	15	23.2	32.2	15	25.9	42.4	28.5	49.3
Jakarta	14	10.2	21.5	14	9.1	13.9	14	9.7	19.2	11.9	25.3
London	18	23.6	49.0	18	14.4	30.6	18	12.9	30.0	17.2	42.5
New York	14	13.4	36.5	14	14.2	26.4	14	12.9	26.6	15.8	35.6
San Francisco	16	14.9	34.4	16	16.0	28.1	16	14.0	24.7	18.2	33.8
Singapore	11	8.1	21.7	11	10.1	20.1	11	9.8	19.7	11.9	26.3
Sydney	12	11.9	29.1	13	12.6	24.8	13	11.5	24.7	12.3	30.7
Tokyo	14	14.1	38.8	14	12.8	28.0	14	12.9	30.9	16.6	40.4
Toronto	11	8.9	20.4	11	9.1	16.2	11	8.3	16.7	10.6	22.5
Washington	18	21.1	39.4	18	21.3	29.1	18	21.5	34.1	24.2	40.3

* The expenditure on personal emoluments includes salaries and allowances.

Total operational expenses include personal emoluments, personnel related expenses, departmental expenses and other charges.

@ The Dubai ETO commenced operation on 28 October 2021.

The number of visits to host governments (including congressmen) and trade organisations by the Washington and New York ETOs under Programme (1) Commercial Relations in the past 3 years are as follows:

Year	Number of visits to host governments and trade organisations	
	Washington ETO	New York ETO
2019	222	60
2020*	172	59
2021*	163	56

* The 2020 and 2021 figures also cover events in virtual form. The 2020 and 2021 figures dropped due to reduced levels of activities of the ETOs amidst the COVID-19 pandemic.

As the above work is a part of the overall commercial relations work of the Washington and New York ETOs, it is difficult to quantify the manpower and expenditures involved separately.

The ETOs have all along been actively updating governments and business communities, cultural sector, academia, think-tanks, media, etc. in the host countries and the economies under their respective purviews on the latest situation of Hong Kong through various channels, including meeting with government officials, councillors and relevant organisations; organising and participating in seminars and workshops; issuing multilingual press releases and social media feeds; and publishing e-newsletters and issuing letters to interlocutors in different sectors. The ETOs have been closely monitoring comments from local individuals and local media on Hong Kong and made timely clarifications as appropriate. The ETOs have also met with the media and taken the initiative to write to them to rebut biased reports on Hong Kong to set the record straight. Articles to the media included the ETOs emphasis made to overseas stakeholders that the National Security Law is beneficial to the political and social stability of Hong Kong and conducive to maintaining Hong Kong's investment and business environment in the long run, and that the legislation will not adversely affect the rights and freedoms enjoyed by Hong Kong residents in accordance with the law. The ETOs have also explained the background, principles and key points in the improvement of the electoral system, such that overseas stakeholders would understand its importance and necessity. The Central People's Government publicised the White Paper on "Hong Kong: Democratic Progress Under the Framework of One Country, Two Systems" (the White Paper) upon the successful completion of the first general election of the Legislative Council under the improved electoral system, which served to pre-emptively address the major issue of Hong Kong's democratic development, leaving no room for slandering by external forces. After the publication of the White Paper by the Central People's Government, the ETOs immediately sent the White Paper to overseas stakeholders through different channels, relaying clearly to the international community our country's determination to support development of democracy in the HKSAR.

Although external promotion work of the ETOs was affected since the pandemic, the ETOs, through their network, continued with their external engagement work through different channels, such as issuing letters to overseas stakeholders in different sectors, publishing articles and responses to local reports in a number of media, and organising and participating in webinars, etc. so as to promote to the interlocutors Hong Kong's developments on various fronts. From June 2020 to end-February 2022, the ETOs have organised 48 webinars for the Chief Executive and principal officials to directly engage overseas audience to provide them with the latest information on Hong Kong and dispel misunderstandings or concerns about Hong Kong.

Since the global pandemic outbreak in 2020, the ETOs have utilised different channels such as websites, emails and social media to actively disseminate latest information to Hong Kong residents residing overseas (including the contacts of relevant departments and organisations which could provide assistance) and explain to them the HKSAR Government's anti-epidemic measures tailored according to the development of the pandemic. The ETOs also actively seek updates on the measures undertaken by the local governments in response to the development of the outbreak, provide assistance to overseas Hong Kong residents in need, and refer assistance requests to relevant departments of the local government, local Chinese diplomatic and consular missions, or the Hong Kong Immigration Department for follow-up where necessary.

The year 2022 marks the important occasion of the 25th anniversary of Hong Kong's return to the motherland. Our 14 ETOs will, in collaboration with respective departments, relevant organisations, chambers of commerce and professional bodies, continue to step up the effort in overseas promotion and showcase Hong Kong's achievements over the past 25 years. The ETOs will also roll out a series of promotional events abroad to promote Hong Kong's unique advantages and unlimited business opportunities, fostering hope and confidence in the community to embark on the brighter journey of Hong Kong.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)062

(Question Serial No. 0537)

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) (Miss Eliza LEE)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

- a. What are the reasons for the significant increase of 54.8% in the estimated expenditure under Programme (2) Public Relations? How will the estimated expenditure be allocated? What are the details?
- b. The overseas Economic and Trade Offices (ETOs) will continue to step up publicity and public relations efforts and launch promotional campaigns in the member states of the Association of Southeast Asian Nations, Australia, Europe, Japan, Korea, New Zealand, North America, the Middle East, etc. What are the details? To what extent is the work to be done for the promotion of arts, culture and sports of Hong Kong? What is the estimated expenditure of each ETO?
- c. It is stated in the 2021 Policy Address that the overseas ETOs and Mainland Offices will play an important role in promoting the cultural industries of Hong Kong. For (8) Performance Indicator under Programme (2) Public Relations, is there any plan to add a culture-related item? If yes, what is the estimated expenditure? If no, what are the reasons?
- d. It is mentioned in the Budget that the 25th Anniversary of the Establishment of the Hong Kong Special Administrative Region will be an opportunity to strengthen collaboration with other Hong Kong overseas agencies in developing strategies for city branding and publicity. What are the details? What is the extent of the participation of arts and cultural performances and groups in the overall publicity work and what is the estimated expenditure involved? What is the estimated expenditure incurred by the overseas ETOs for the celebration of the 25th Anniversary and the promotion of Hong Kong's arts and culture? Is there any plan to invite participation of Hong Kong arts groups? If yes, what are the selection criteria? If no, what are the reasons?

Asked by: Hon FOK Kai-kong, Kenneth (LegCo internal reference no.: 8)

Reply:

For Programme (2) Public Relations, provision for 2022-23 is 54.8% higher than the revised estimate for 2021-22. This is mainly due to the increased provision for the following items, including provision for new overseas Hong Kong Economic and Trade Offices (ETOs) planned to be set up, salary provision for filling vacancies and staff changes, and operating expenses of ETOs.

The ETOs (except the Geneva ETO which specialises in World Trade Organization matters) not only strived to strengthen Hong Kong's economic and trade relationships with foreign countries, but also assisted in promoting Hong Kong's cultural and creative industries and facilitating cultural exchanges. Promotion of cultural exchanges is under the policy purview of the Home Affairs Bureau (HAB). From time to time, the ETOs assisted HAB in organising, sponsoring and participating in different arts and cultural events in the countries/regions under the respective purviews of ETOs (including the countries along Belt and Road), such as film festivals, concerts, dance performances, arts exhibitions, 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's arts and cultural groups of different sizes to conduct exchanges and give performances overseas, promoting to these countries Hong Kong's position as an emerging arts and cultural hub in Asia. In 2021, the COVID-19 pandemic continued to rage around the world and various cultural exchange events were severely affected due to stringent social distancing measures and immigration controls implemented by many countries. Notwithstanding this, the ETOs still actively organised/supported arts and cultural events (including in virtual form) in 2021. Examples are as follows:

- In the Asia-Pacific region, the Singapore, Jakarta and Sydney ETOs all organised events to promote Hong Kong's film culture. The Singapore ETO collaborated with Singapore Film Society to organise "Hong Kong Film Festival – Project HK" in March, during which all cinema screenings were followed by a live-streamed Q&A session with filmmakers in Hong Kong to encourage exchanges between the creative industries of Hong Kong and Singapore. The Jakarta ETO supported the Hong Kong Film Gala Presentation held in Kuala Lumpur, Malaysia and Jakarta, Indonesia in November. Through a series of Hong Kong productions directed by revered auteurs and promising young directors, the event highlighted the variety and creativity of Hong Kong's film industry. The Sydney ETO organised the movie screening event "Hong Kong Movie Night – Anita" in December. Apart from film events, the Tokyo ETO sponsored the Hong Kong Arts Centre in organising the "Hong Kong Comix Exhibition" in Seoul, Korea in November, which showcased the history and development of Hong Kong comics as well as a set of thematic creations by Hong Kong artists. The Bangkok ETO sponsored "Thailand by UTMB", an international trail running event organised by the Sports Authority of Thailand in December, to enhance the sports and cultural exchange between Hong Kong and Thailand.
- In Europe, the Brussels ETO together with the Hong Kong Tourism Board brought Hong Kong gastronomy to the Asia Street Market in the Street Food Festival held in Lyon, France in September, through setting up a booth for two local Chinese restaurants to serve Hong Kong snacks. The Berlin ETO sponsored the Hong Kong Chopin Society in organising the "Joy of Music Festival 2021" in October, which

presented concerts and master classes in Vienna, Austria and Hong Kong with live streaming. In the same month, the London ETO supported Crafts on Peel, a charitable organisation in Hong Kong, to join the “London Craft Week 2021”, bringing the “Imagine the ‘Im’possibilities: Bamboo” exhibition to London. The exhibition showcased about 50 pieces of traditional and contemporary bamboo crafts, mostly created by artisans and craftsmen from Hong Kong.

- In North America, on the occasion of the Chinese New Year in February, the Washington ETO co-presented with the Chinese American Museum DC an online event to showcase Hong Kong’s tradition and celebrations during the Spring Lantern Festival on the 15th day of the new year. The San Francisco ETO organised a virtual conversation with award-winning Hong Kong photographer in March by inviting Kelvin Yuen, the winner of the International Landscape Photographer of the Year Award 2020 as guest speaker to introduce his winning portfolio and other works and shared his experience in pursuing photography in Hong Kong and other places. The Toronto ETO hosted the “Hong Kong Week” from June to July to showcase Hong Kong’s strengths, advantages and opportunities. The programme included the “Transformative Chic – The Everlasting Cheongsam Roving Exhibition” which included physical exhibitions of contemporary cheongsams and relevant photos in Toronto and Vancouver, as well as online exhibitions, talks and workshops to promote the intangible cultural heritage of Hong Kong. The New York ETO partnered with the New York Asian Film Festival to present 15 Hong Kong films under the “Hong Kong Panorama film” series for virtual, in-theatre and outdoor screening at its annual film festival in August.

For Programme (2)(8) on indicators of key performance measures in respect of public relations, the indicator “public relations functions/events organised and participated” has all long included the number of cultural functions/events organised and participated by ETOs. Since 2022, the description of the indicator has been revised to include cultural functions/events. As promoting Hong Kong’s culture, arts and sports is a part of the overall public relations work of the ETOs, it is difficult to quantify the expenditure involved separately.

2022 marks the important occasion of the 25th anniversary of Hong Kong’s return to the motherland. The HKSAR Government will organise a series of celebratory and promotional activities all over the globe under the theme of “A New Era – Stability. Prosperity. Opportunity”. The ETOs will enhance its external promotion work and organise more than 100 celebration events in various major cities, including “Belt and Road/the Guangdong-Hong Kong-Macao Greater Bay Area” seminars, celebration dinners and cocktail receptions, cultural and arts performances, roving exhibitions in malls and street food festivals, etc. In addition, the ETOs will organise business seminars in regions under their respective purviews, such as Jakarta in Indonesia, London in the United Kingdom, New York in the United States and Singapore, etc., to promote Hong Kong’s economic development and opportunities. The ETOs will also co-organise celebration events with other overseas Hong Kong agencies, including the Hong Kong Trade Development Council and the Hong Kong Tourism Board. Examples include organising cocktail receptions or gala dinners to celebrate the 25th anniversary of the establishment of HKSAR in individual cities in Europe, as well as organising Hong Kong film festivals, a youth phototaking competition, and workshops/media gatherings on Hong Kong culinary

culture. Through the above cultural and arts events, the ETOs will not only promote Hong Kong's cultural and creative industries and facilitate cultural exchanges, but also showcase the HKSAR's exemplary achievements over the past 25 years since its establishment.

Under the coordination of HAB/the Leisure and Cultural Services Department, the ETOs are liaising and discussing with different Hong Kong arts groups and will invite them to perform overseas, subject to the development of the pandemic and travel restrictions. The ETOs will also consider organising cultural performances with the arts groups in virtual form, and take the opportunity of the 25th anniversary of the establishment of the HKSAR to showcase abroad the achievements of Hong Kong's cultural and arts performances.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)063

(Question Serial No. 0138)

Head: (96) Government Secretariat: Overseas Economic and Trade Offices

Subhead (No. & title): (987) Payment to the Capital Investment Fund

Programme: (3) Investment Promotion

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Miss Eliza LEE)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The number of new investment promotion projects planned for 2022-23 has substantially increased to 388, please inform this Committee of the following:

- a) the establishment and strength of overseas Hong Kong Economic and Trade Offices (HKETOs) in the past 3 years;
- b) the number of investment promotion activities organised by overseas HKETOs and the relevant expenditure incurred in the past 3 years;
- c) the salaries and operational expenses of overseas HKETOs in the past 3 years; and
- d) the target sectors and regions/countries of these investment promotion projects, as well as the expenditure involved.

Asked by: Hon LAI Tung-kwok (LegCo internal reference no.: 10)

Reply:

The staff establishment, personal emoluments and total operational expenses of the 14 overseas Hong Kong Economic and Trade Offices (ETOs) in the past 3 years are as follows:

ETO	2019-20 (\$ million)			2020-21 (\$ million)			2021-22 (Revised Estimate) (\$ million)		
	Staff establishment	Personal emoluments*	Total operational expenses#	Staff establishment	Personal emoluments*	Total operational expenses#	Staff establishment	Personal emoluments*	Total operational expenses#
Bangkok	17	8.8	20.2	17	9.4	22.2	17	11.7	26.8
Berlin	17	6.8	32.2	17	12.1	25.4	17	12.1	25.8
Brussels	18	19.8	37.2	18	19.3	29.4	18	20.4	34.4
Dubai@	-	-	-	-	-	-	17	11.3	22.5
Geneva	15	22.1	34.5	15	23.2	32.2	15	25.9	42.4
Jakarta	14	10.2	21.5	14	9.1	13.9	14	9.7	19.2
London	18	23.6	49.0	18	14.4	30.6	18	12.9	30.0
New York	14	13.4	36.5	14	14.2	26.4	14	12.9	26.6
San Francisco	16	14.9	34.4	16	16.0	28.1	16	14.0	24.7
Singapore	11	8.1	21.7	11	10.1	20.1	11	9.8	19.7
Sydney	12	11.9	29.1	13	12.6	24.8	13	11.5	24.7
Tokyo	14	14.1	38.8	14	12.8	28.0	14	12.9	30.9
Toronto	11	8.9	20.4	11	9.1	16.2	11	8.3	16.7
Washington	18	21.1	39.4	18	21.3	29.1	18	21.5	34.1

* The expenditure on personal emoluments includes salaries and allowances.

Total operational expenses include personal emoluments, personnel related expenses, departmental expenses and other charges.

@ The Dubai ETO commenced operation on 28 October 2021.

In 2021-22, the 14 ETOs have an overall establishment of 213 posts. As at 1 March 2022, the ETOs have a strength of 180 staff in total, including Hong Kong-based officers, locally-engaged staff and agency staff.

Except the Washington and Geneva ETOs, all overseas ETOs and Mainland Offices of the HKSAR Government have an investment promotion unit (IPU). IPU is simultaneously part of Invest Hong Kong (InvestHK) as well as a team within the ETO. IPUs and ETO teams cooperate seamlessly with one another to introduce Hong Kong's latest developments and business advantages in various aspects. Through organising various investment promotion activities, including meetings with clients, investment promotion visits and events like discussion forums, seminars, roundtables, webinars, IPUs and ETO teams promote Hong Kong's position as an international financial and business centre, and attract overseas enterprises for establishment or expansion of their businesses in Hong Kong. The nature of investment promotion activities organised depends on market needs, development of business sectors, as well as the local situation in different regions. The IPUs and the consultants engaged by InvestHK organised/participated in 656, 1 201 and 795 virtual and physical events in 2019-20, 2020-21 and 2021-22 respectively.

With a view to rendering more comprehensive and effective local support in regions with high potential, starting from 2022-23, the relevant IPU will enhance the promotional efforts in Europe, Canada, South Asia, Africa and Central Asia, etc. by proactively assisting overseas enterprises to seize the enormous opportunities brought about by the National 14th Five-Year Plan, the Guangdong-Hong Kong-Macao Greater Bay Area development, as well as the Belt and Road Initiative. In more developed economies, the investment promotion activities will target companies in emerging innovation and technology related sectors. In developing economies, companies in non-technology sectors such as consumer products, transport, logistics and professional services will be targeted.

For Programme (3) Investment Promotion under Head 96, the operational expenses of the overseas Hong Kong ETOs in the past 3 years and the estimate for 2022-23 are as follows:

Year	\$ million
2019-20	71.1
2020-21	55.2
2021-22 (Revised Estimate)	62.0
2022-23 (Estimate)	96.5

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)064****(Question Serial No. 0330)**

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) (Miss Eliza LEE)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

- (a) The 2021-22 estimate for commercial relations is 36% less than the original estimate. Please explain the reasons for it.
- (b) Please list in a table the estimates and staff establishment of the overseas Economic and Trade Offices (ETOs) in 2021-22 and 2022-23.
- (c) Please provide 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 the overseas ETOs in the past year.
- (d) Did the relevant overseas ETOs promote cultural exchanges between Hong Kong and countries along the Belt and Road last year? What were the details and expenditures 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 expenditures involved? If no, what are the reasons?
- (e) Will the overseas ETOs recruit additional cultural staff to promote Hong Kong as an East-meets-West centre for arts and cultural exchanges?

Asked by: Hon MA Fung-kwok (LegCo internal reference no.: 4)

Reply:

The revised estimate for Programme (1) Commercial Relations of the 14 overseas Hong Kong Economic and Trade Offices (ETOs) is 36% less than the original estimate for 2021-22. This is partly because the work on setting up new ETOs is still ongoing, rendering it unnecessary to use provision reserved for their operational expenses. Other reasons include decreased salary expense due to vacant posts and staff changes, as well as

reduced levels of activities by ETOs due to the stringent anti-pandemic measures implemented by many countries amidst the COVID-19 pandemic.

The staff establishment and total operational expenses for the revised estimate for 2021-22 and the estimate for 2022-23 of the 14 ETOs are as follows:

ETO	2021-22 (Revised Estimate) (\$ million)		2022-23 (Estimate) (\$ million)	
	Staff establishment	Total operational expenses*	Staff establishment	Total operational expenses*
Bangkok	17	26.8	17	30.7
Berlin	17	25.8	17	34.2
Brussels	18	34.4	18	43.5
Dubai[#]	17	22.5	17	34.7
Geneva	15	42.4	15	49.3
Jakarta	14	19.2	14	25.3
London	18	30.0	18	42.5
New York	14	26.6	14	35.6
San Francisco	16	24.7	16	33.8
Singapore	11	19.7	11	26.3
Sydney	13	24.7	13	30.7
Tokyo	14	30.9	14	40.4
Toronto	11	16.7	11	22.5
Washington	18	34.1	18	40.3

* Total operational expenses include personal emoluments, personnel related expenses, departmental expenses and other charges.

[#] The Dubai ETO commenced operation on 28 October 2021.

The ETOs (except the Geneva ETO which specialises in World Trade Organization matters) not only strived to strengthen Hong Kong's economic and trade relationships with foreign countries, but also assisted in promoting Hong Kong's cultural and creative industries and facilitating cultural exchanges. Promotion of cultural exchanges is under the policy purview of the Home Affairs Bureau (HAB). From time to time, the ETOs assisted HAB in organising, sponsoring and participating in different arts and cultural events in the countries/regions under the respective purviews of ETOs (including the countries along Belt and Road (B&R)), such as film festivals, concerts, dance performances, arts exhibitions, 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's arts and cultural groups of different sizes to conduct exchanges and give performances overseas, promoting to these countries Hong Kong's position as an emerging

arts and cultural hub in Asia. In 2021, the COVID-19 pandemic continued to rage around the world and various cultural exchange events were severely affected due to stringent social distancing measures and travel restrictions implemented by many countries. Notwithstanding this, the ETOs still actively organised/supported arts and cultural events (including in virtual form) in 2021. Examples are as follows:

- In the Asia-Pacific region, the Singapore, Jakarta and Sydney ETOs all organised events to promote Hong Kong's film culture. The Singapore ETO collaborated with Singapore Film Society to organise "Hong Kong Film Festival – Project HK" in March, during which all cinema screenings were followed by a live-streamed Q&A session with filmmakers in Hong Kong to encourage exchanges between the creative industries of Hong Kong and Singapore. The Jakarta ETO supported the Hong Kong Film Gala Presentation held in Kuala Lumpur, Malaysia and Jakarta, Indonesia in November. Through a series of Hong Kong productions directed by revered auteurs and promising young directors, the event highlighted the variety and creativity of Hong Kong's film industry. The Sydney ETO organised the movie screening event "Hong Kong Movie Night – Anita" in December. Apart from film events, the Tokyo ETO sponsored the Hong Kong Arts Centre in organising the "Hong Kong Comix Exhibition" in Seoul, Korea in November, which showcased the history and development of Hong Kong comics as well as a set of thematic creations by Hong Kong artists. The Bangkok ETO sponsored "Thailand by UTMB", an international trail running event organised by the Sports Authority of Thailand in December, to enhance the sports and cultural exchange between Hong Kong and Thailand.
- In Europe, the Brussels ETO together with the Hong Kong Tourism Board brought Hong Kong gastronomy to the Asia Street Market in the Street Food Festival held in Lyon, France in September, through setting up a booth for two local Chinese restaurants to serve Hong Kong snacks. The Berlin ETO sponsored the Hong Kong Chopin Society in organising the "Joy of Music Festival 2021" in October, which presented concerts and master classes in Vienna, Austria and Hong Kong with live streaming. In the same month, the London ETO supported Crafts on Peel, a charitable organisation in Hong Kong, to join the "London Craft Week 2021", bringing the "Imagine the 'Im'possibilities: Bamboo" exhibition to London. The exhibition showcased about 50 pieces of traditional and contemporary bamboo crafts, mostly created by artisans and craftsmen from Hong Kong.
- In North America, on the occasion of the Chinese New Year in February, the Washington ETO co-presented with the Chinese American Museum DC an online event to showcase Hong Kong's tradition and celebrations during the Spring Lantern Festival on the 15th day of the new year. The San Francisco ETO organised a virtual conversation with award-winning Hong Kong photographer in March by inviting Kelvin Yuen, the winner of the International Landscape Photographer of the Year Award 2020 as guest speaker to introduce his winning portfolio and other works and shared his experience in pursuing photography in Hong Kong and other places. The Toronto ETO hosted the "Hong Kong Week" from June to July to showcase Hong Kong's strengths, advantages and opportunities. The programme included the "Transformative Chic – The Everlasting Cheongsam Roving Exhibition" which included physical exhibitions of contemporary cheongsams and relevant photos in Toronto and Vancouver, as well as online exhibitions, talks and workshops to promote

the intangible cultural heritage of Hong Kong. The New York ETO partnered with the New York Asian Film Festival to present 15 Hong Kong films under the “Hong Kong Panorama film” series for virtual, in-theatre and outdoor screening at its annual film festival in August.

In 2022, through celebrating the 25th anniversary of the establishment of the HKSAR, the ETOs will continue to explore opportunities to organise cultural events in physical, virtual and hybrid modes, strengthening the cultural exchanges among Hong Kong, the host countries of the ETOs and the countries along B&R.

As promoting cultural exchanges is a part of the overall public relations work of the ETOs, it is difficult to quantify the expenditure involved separately.

Promotion of cultural exchanges between Hong Kong and countries/regions under their respective purviews has always been one of the main functions of the ETOs. The ETOs will continue to make the best use of resources to discharge their duties under a multi-pronged approach and at different levels. At present, there is no plan to recruit dedicated staff to the ETOs to handle cultural matters.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)065****(Question Serial No. 0337)**Head: (31) Customs and Excise DepartmentSubhead (No. & title): (-) -Programme: (3) Intellectual Property Rights and Consumer ProtectionControlling Officer: Commissioner of Customs and Excise (Ms Louise HO)Director of Bureau: Secretary for Commerce and Economic DevelopmentQuestion:

- (a) Please separately list the numbers of complaints received, investigations and prosecutions of copyright offences relating to literary, dramatic, musical or artistic works, sound recordings, films, broadcasts, cable programmes, and the typographical arrangements of published editions by the Customs and Excise Department (C&ED) in the past 3 years.
- (b) Please separately list the numbers of reports received and the amount of reward given under the Anti-piracy Reward Scheme, the Reward Scheme to Combat Illegal Photocopying of Books and Periodicals and the Reward Scheme to Combat Illegal Photocopying of Newspapers and Magazines in the past 3 years.
- (c) Please separately list the numbers of complaints, investigations and prosecutions relating to circumvention devices in the past 3 years.

Asked by: Hon MA Fung-kwok (LegCo internal reference no.: 11)Reply:

The Customs and Excise Department (C&ED) has been sparing no effort in combating copyright infringement offences by constantly monitoring the latest trend of the relevant offences, initiating actions in accordance with the law, and timely reviewing the strategy and effectiveness of its enforcement work. The numbers of copyright infringement cases (Note 1) in the past 3 years are as follows:

	2019	2020	2021
Number of complaints and investigations	335 cases	278 cases	267 cases
Number of cases	95 cases	60 cases	52 cases
Number of successful prosecutions (Note 2)	90 cases	57 cases	52 cases

Note 1: The numbers include infringing activities of different types of copyright works, but exclude infringing activities relating to circumvention devices.

Note 2: Cases with trial concluded during the year.

C&ED did not receive any reports relating to the Anti-piracy Reward Scheme, the Reward Scheme to Combat Illegal Photocopying of Books and Periodicals, and the Reward Scheme to Combat Illegal Photocopying of Newspapers and Magazines in the past 3 years and therefore did not give out any rewards.

The numbers of cases relating to circumvention devices in the past 3 years are as follows:

	2019	2020	2021
Number of complaints and investigations	3 cases	6 cases	1 case
Number of cases (Note 3)	6 cases	2 cases	0 case
Number of successful prosecutions (Note 4)	1 case	0 case	5 cases

Note 3: Since more cases may be detected during investigation upon receipt of complaints, the number of cases may be greater than the number of complaints and investigations.

Note 4: Cases with trial concluded during the year.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)066

(Question Serial No. 0519)

Head: (78) Intellectual Property Department

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

Programme: (-) -

Controlling Officer: Director of Intellectual Property (David WONG Fuk-loi)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Regarding the matters on promoting and strengthening intellectual property (IP), please inform this Committee of the following:

- a. The targets of the performance measures in respect of statutory functions are mentioned in (5) under Programme (1). It is expected that the targets for processing trademark, patent and design applications can only be just met. What are the reasons for this?
- b. It is mentioned in the Budget Speech this year that a total of about \$85 million will be allocated to the Intellectual Property Department (IPD) in the next three financial years. In 2022-23, what are the details of expenditure on recruiting additional staff and enhancing the electronic searching, filing, payment and publication services for various applications for registration?
- c. Given the plan to introduce a bill to amend the Copyright Ordinance into the Legislative Council in the first half of 2022, the IPD should make more efforts in publicising and explaining the bill to the public. However, as shown in (15) under Programme (2), there is no increase under the three indicators, which are engagements with stakeholders, speeches and presentations, and engagements with the media. What are the criteria adopted in setting the indicators? What are the estimated expenditures on the three indicators? Will IPD consider reviewing these indicators?

Asked by: Hon FOK Kai-kong, Kenneth (LegCo internal reference no.: 1)

Reply:

In accordance with the development strategy of the “Outline of the 14th Five-Year Plan for National Economic and Social Development of the People’s Republic of China and the Long-Range Objectives Through the Year 2035”, the Government will adopt a multipronged approach to implement a series of initiatives to develop Hong Kong into a regional intellectual property (IP) trading centre, including strengthening Hong Kong’s IP regime to meet our social and economic development needs. In this regard, the Intellectual

Property Department (IPD) will further promote and develop the “original grant patent” (OGP) system implemented in December 2019 and enhance Hong Kong’s capacity to conduct substantive examination in processing OGP applications. In the next 3 financial years (i.e. 2022-23 to 2024-25), a total of about \$85 million will be allocated to IPD for creating 4 permanent establishment posts and gradually recruiting a total of 25 patent examiners on non-civil service contract terms. The relevant salary expenditures are about \$3.9 million and \$18 million respectively in 2022-23, and the total salary expenditures in the coming 3 years are \$11.7 million and \$74 million respectively.

With regard to the service performance targets for processing various IP registration applications, IPD carefully considers the overall workload and manpower of its Trade Marks, Patents and Designs Registries (the Registries) every year to determine the appropriate service performance targets. IPD will regularly monitor its various application registration services and strive to meet or even exceed the relevant performance targets.

Apart from handling routine examination and processing of trademark, patent and design applications, the Registries will also take forward different improvement work to enhance the qualities of registration services. In 2022, the Registries will take forward the following key improvement projects:

- continuing to press ahead with the remaining preparatory work for implementing the international trademark registration system under the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks in Hong Kong, including setting up the required information technology (IT) system, finalising the Registries’ workflow and work manual for processing applications, arranging manpower training for processing applications filed under the international registration system, and launching publicity programmes to promote the international registration system to key stakeholders;
- improving the local trademark examination practices and the functions of the existing New Integrated IT System to enhance electronic services for users and prepare for the implementation of the aforementioned international trademark registration system in Hong Kong; and
- enhancing the Registries’ capacity in processing registration of standard patent (re-registration) to cope with the substantial increase in the number of applications in recent years.

IPD’s expenditure on enhancing the electronic searching, filing, payment and publication services for various applications for registration is included in the general expenses of the department. It is difficult to quantify such expenditure separately.

As for IPD’s key performance measures in respect of IP protection, they are divided into the following:

- (a) engagements with stakeholders;
- (b) speeches and presentations;
- (c) engagements with the media; and
- (d) school visits.

The scope of the relevant activities covers various IP areas, including copyright, trademarks, patents and designs. IPD has taken into account the impact of the pandemic when formulating the estimated indicators for 2022, and plans to continue to reach out to stakeholders through both physical and online channels to promote public awareness of and respect for IP rights. Such efforts include conducting relevant explanatory, publicity, education and promotion work, and continuing to maintain close communication with stakeholders and the general public in taking forward the Copyright Ordinance amendment exercise.

In fact, the Government conducted a public consultation on updating Hong Kong's copyright regime to strengthen copyright protection in the digital environment from November 2021 to February 2022. During the consultation period, the Government collected views from the general public, stakeholders of various industries, professional bodies, and Legislative Council (LegCo) Members through different channels (including organising both physical and online briefings and public forum, meeting with different stakeholders and attending relevant seminars and conference, etc.), and proactively engaged key stakeholders through various communication, exchange and explanatory work. IPD will continue to carry out relevant publicity and explanatory work in this respect actively. Our target is to introduce the amendment Bill into LegCo in the first half of 2022.

The work in protecting IP rights is part and parcel of the overall publicity and education as well as marketing work of IPD. It is difficult to quantify the expenditure required for such work separately.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)067

(Question Serial No. 0106)

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 Financial Secretary has mentioned in the Budget Speech that “Competition among various economies in the aftermath of the pandemic will definitely intensify. We must step up our efforts in investment promotion to attract foreign enterprises to Hong Kong. Starting from the next financial year, the Government will provide an additional recurrent provision of around \$90 million in phases to strengthen InvestHK’s work.” In fact, while a survey conducted by the Census and Statistics Department indicates that the number of regional headquarters in Hong Kong with parent companies located outside Hong Kong in the last financial year remains stable, the number of regional headquarters in Hong Kong of foreign companies from the United States, Japan, Germany and France, etc. shows a declining trend. Such decline is fortunately offset by the substantial increase in the number of companies from the Mainland. In this connection, please advise this Committee of the following:

- 1) How will InvestHK make use of the newly allocated resources for investment promotion, especially in respect of ways to attract foreign investors to Hong Kong?
- 2) Given the success of Singapore, our competitor, in creating global business opportunities, will InvestHK consider studying and making reference to Singapore’s key to success and adopt a more proactive and forward-looking approach in attracting businesses?
- 3) In recent years, the Government has been keen to develop Hong Kong into an international insurance hub. How will InvestHK assist the insurance industry in developing global businesses?

Asked by: Hon CHAN Kin-por (LegCo internal reference no.: 4)

Reply:

To complement Hong Kong's role in the National 14th Five-Year Plan, Invest Hong Kong (InvestHK) will be allocated additional recurrent provisions of around \$90 million in phases to further strengthen its investment promotion work and better capitalise on the immense opportunities brought by national policies and initiatives of the Hong Kong Special Administrative Region Government. The new recurrent provisions will be deployed to implement proactive and forward-looking promotion strategies at key global target markets, including strengthening promotion in the major areas set out below, enhancing investment promotion in the Mainland and overseas, strengthening promotion in the Guangdong-Hong Kong-Macao Greater Bay Area (Greater Bay Area) and other key Mainland cities, and consolidating investment promotion efforts in priority sectors (such as innovation and technology (I&T), financial services, fintech, family offices and maritime). Major areas with strengthened promotion include:

- Enhancing investment promotion in I&T by organising online, physical or hybrid global promotion activities to support Hong Kong's development into an international I&T centre;
- Enhancing global promotion on Hong Kong's commitment to achieving carbon neutrality before 2050, to attract potential investors to leverage business opportunities in carbon neutrality through Hong Kong;
- Enhancing promotion work on the Greater Bay Area development, organising joint activities with other cities in the Greater Bay Area and attracting overseas companies to set up in the Area;
- Strengthening the set-up of the investment promotion units (IPUs) in Beijing, Shanghai, Chengdu and Wuhan to enhance marketing and promotion efforts in the Mainland, and providing more comprehensive and effective support to Mainland investors;
- Strengthening the set-up of overseas investment promotion teams, including the IPUs in Berlin, Brussels, Toronto and Jakarta and engaging consultants in Central Asia and Africa, so as to enhance overseas investment promotion; and
- Enhancing promotion of talent attraction measures of Hong Kong and encouraging talents around the world to come to Hong Kong.

As the investment promotion agency of the Government, InvestHK has been actively assisting policy bureaux in promoting the latest Government policies and measures and proactively attracting foreign investments to Hong Kong. InvestHK has been keeping a close watch on the policies implemented by different economies (including Singapore) in various sectors, for reference of relevant policy bureaux in formulating policies that best suit Hong Kong, based on which InvestHK conducts promotion to attract foreign investments. InvestHK also makes reference to the investment promotion approach adopted by other economies and reviews its approach from time to time.

InvestHK has been working closely with the Financial Services and the Treasury Bureau and the Insurance Authority to actively promote Hong Kong as an international insurance hub and to organise industry webinars and events to attract insurance companies to set up and expand in Hong Kong. InvestHK will expand the Global Fast Track (GFT)

Programme to bring onboard more insurers and brokers as Corporate Champions. The GFT programme is an accelerator programme that connects innovative fintech companies, such as Insurtech, Wealthtech, RegTech companies, from around the world with the Corporate Champions in Hong Kong. These innovative fintech companies will help insurance players in Hong Kong to accelerate their digital transformation, improve cost efficiency and scalability so as to better serve their customers in and beyond Hong Kong.

- End -

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0707)

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 this Programme, one of the matters requiring special attention in 2022-23 is to strengthen economic and trade liaison with and enhance the investment promotion function in the Mainland. Will Invest Hong Kong make full use of the Hong Kong Economic and Trade Offices in the Mainland and the Hong Kong Trade Development Council's offices in the Mainland to jointly and proactively promote business and investment opportunities in the Mainland and attract the needed industries (such as innovation and technology) and talents to Hong Kong, thereby enabling Hong Kong to identify new areas of economic growth?

Asked by: Hon HONG Wen, Wendy (LegCo internal reference no.: 3)

Reply:

The Government has all along been attaching much importance to investment promotion in the Mainland. To complement Hong Kong's role in the National 14th Five-Year Plan, Invest Hong Kong (InvestHK) will be allocated additional recurrent provisions of around \$90 million in phases to further strengthen its investment promotion work and better capitalise on the immense opportunities brought by national policies and initiatives of the Hong Kong Special Administrative Region Government. To enhance its investment promotion efforts in the Mainland, InvestHK will strengthen the manpower and resources of its Investment Promotion Units (IPUs) in Beijing, Shanghai, Chengdu and Wuhan, as well as the Greater Bay Area Business Development Team and Mainland Business Development Team in InvestHK's Hong Kong Head Office.

The core of InvestHK's overall strategy is to leverage opportunities for Hong Kong arising from the National 14th Five-Year Plan, the Guangdong-Hong Kong-Macao Greater Bay Area (Greater Bay Area) development and the Belt and Road Initiative, making good use of Hong Kong's role as a two-way platform to assist international investors to seize the opportunities brought by Hong Kong's integration into the national development, as well as for Mainland companies to go global via Hong Kong.

InvestHK will jointly organise hybrid investment promotion events, formulate marketing messages and materials, etc., through the “Pan-Greater Bay Area Inward Investment Liaison Group” established with relevant authorities in the Mainland and Macao, to showcase the business opportunities in the Greater Bay Area, including the new opportunities in Qianhai and Hengqin, with a view to strengthening collaboration and synergy. InvestHK will also collaborate with the Commerce Bureau of Shenzhen Municipality to jointly organise investment promotion activities to promote the investment opportunities of Hong Kong and Shenzhen to overseas investors, including a Greater Bay Area-themed webinar to be held this year.

In addition, InvestHK will work closely with relevant ministries and commissions of the Central Government, commerce bureaux of Mainland provinces and municipalities, Mainland commercial and industrial organisations, as well as chambers of commerce in Hong Kong, to promote Hong Kong as an ideal platform for Mainland companies to go global and its important role under the Belt and Road Initiative. The dedicated Talent Attraction Team of InvestHK will also work closely with Mainland stakeholders to organise virtual and physical promotion activities to promote the development opportunities in Hong Kong for Mainland talents, especially those from the professions covered by the Talent List of Hong Kong.

With regard to assisting Hong Kong businesses to invest in the Mainland, the Hong Kong Trade Development Council (TDC) has 13 offices in the Mainland, two of which are located in the Greater Bay Area, namely in Guangzhou and Shenzhen. Last year, the TDC set up the HKTDC Greater Bay Area Centre in its Shenzhen office to assist Hong Kong small and medium enterprises to grasp opportunities in the Greater Bay Area. To help Hong Kong businesses better integrate into the national development and explore opportunities in the Mainland market, the Government will allocate a total funding of \$135 million to the TDC over the next 3 years for the introduction of the Support Scheme for Pursuing Development in the Mainland, facilitating Hong Kong businessmen, professional services practitioners and entrepreneurs that are already based in the Mainland to seize business opportunities there.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)069

(Question Serial No. 0270)

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 paragraph 47 of the Budget Speech that integrating into the national development is an inevitable path for the Hong Kong economy. The Government will make good use of national policies and our own advantages and take the Greater Bay Area (GBA) as an entry point, proactively exploring the vast Mainland market and participating in the domestic circulation of the national economy. At the same time, Hong Kong will play its bridging and platform role at the intersection of domestic and international circulations well, connecting domestic and foreign markets and investors, and assisting Mainland enterprises to explore the international market. When the pandemic subsides, will Invest Hong Kong (InvestHK) have any plans to launch large-scale publicity and promotional campaigns at home and abroad, showcasing to the world the image of Hong Kong as a highly open international city in the GBA from various perspectives such as finance, innovation and technology, culture and creativity and tourism, as well as Hong Kong's unique advantages under "One Country, Two Systems", with a view to attracting enterprises, investors and talent to Hong Kong? What are the plans of InvestHK and the Government's overseas offices for taking forward the related work?

Asked by: Hon LAM Kin-fung, Jeffrey (LegCo internal reference no.: 4)

Reply:

The Government attaches much importance to external engagement. Under the "new normal" amid the pandemic, the Government has been, through various platforms, disseminating the latest information on Hong Kong's development, strengthening the promotion on the successful implementation of "one country, two systems" and Hong Kong's advantages on various fronts. To address the impact of the pandemic on promotion activities, Invest Hong Kong (InvestHK) has been dynamically adjusting its investment promotion strategies by leveraging digital platforms to reach out to stakeholders in both traditional and emerging markets, attract companies to invest and set up their businesses in Hong Kong, and to attract talents to Hong Kong.

To celebrate the 25th anniversary of Hong Kong's return to the motherland, Hong Kong's overseas Economic and Trade Offices (ETOs) and InvestHK will roll out a series of promotion events to showcase Hong Kong's achievements over the past 25 years, promote Hong Kong's unique status under "one country, two systems" and our advantage on various fronts, as well as the immense business opportunities brought by the Belt and Road Initiative and the development of Guangdong-Hong Kong-Macao Greater Bay Area (Greater Bay Area). InvestHK is actively preparing for the week-long Investment Promotion Week. The Investment Promotion Week will be in hybrid format with both online and physical events, comprising conferences, seminars and business matching activities, with focus on priority sectors such as innovation and technology, creative industries, business and professional services, financial services and family offices. The annual StartmeupHK Festival and Hong Kong FinTech Week will also showcase Hong Kong as an ideal startup and fintech hub. The ETOs will also roll out a series of promotion abroad to promote Hong Kong's unique advantages and unlimited business opportunities, fostering confidence and hope in the community to embark on the brighter journey of Hong Kong.

In addition, InvestHK will jointly organise hybrid investment promotion events, formulate marketing messages and materials, etc., through the "Pan-Greater Bay Area Inward Investment Liaison Group" established with relevant authorities in the Mainland and Macao, to showcase the business opportunities in the Greater Bay Area, including the new opportunities in Qianhai and Hengqin, with a view to strengthening collaboration and synergy. InvestHK will also collaborate with the Commerce Bureau of Shenzhen Municipality to jointly organise investment promotion activities to promote the investment opportunities of Hong Kong and Shenzhen to overseas investors, including a Greater Bay Area-themed webinar to be held this year.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)070

(Question Serial No. 0190)

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 items under Matters Requiring Special Attention in 2022-23 is to conduct global promotion activities across sectors and arrange events to attract leading carbon neutrality solutions to Hong Kong, leveraging on Hong Kong's commitments to achieving carbon neutrality before 2050. These have taken on a new direction, in contrast to the previous approach where investment promotion efforts are focused on priority sectors such as technology and innovation, Fintech, transport and logistics, as well as creative industries sectors.

The provision for 2022-23 under this Programme is \$226.7 million, which is \$50.2 million (28.4%) higher than the revised estimate for 2021-22. This is mainly due to the increased provisions for global investment promotion efforts relating to achieving carbon neutrality and attracting talents.

In this connection, please inform this Committee of:

1. the details of manpower and financial expenditures for global investment promotion efforts to achieve carbon neutrality; and
2. the details of events proposed to be organised to attract leading carbon neutrality solutions and talents to Hong Kong and the relevant timetable.

Asked by: Hon LIAO Cheung-kong, Martin (LegCo internal reference no.: 1)

Reply:

The Government announced in October 2021 Hong Kong's Climate Action Plan 2050 with the vision of "Zero-carbon Emissions · Liveable City · Sustainable Development", outlining Hong Kong's strategies and targets for combating climate change and achieving carbon neutrality. To complement relevant work, Invest Hong Kong (InvestHK) will conduct global promotion by attracting overseas and Mainland carbon neutrality solution providers and talents to Hong Kong, with a view to strengthening the capability of Hong Kong in achieving carbon neutrality.

InvestHK plans to organise, in collaboration with relevant bureaux and departments, a range of promotion activities such as webinars, industry forums and roundtables, to engage key overseas and Mainland leading organisations in green tech, renewable energy, green finance, environmental, social, and governance, supply chain, food tech, etc., to promote relevant government policies and Hong Kong's competitive advantages and opportunities. InvestHK will also promote to target companies and talents the business opportunities in carbon neutrality they may leverage through Hong Kong, and actively attract them to Hong Kong.

To take forward the above work, InvestHK will recruit 3 specialists in carbon neutrality, who will join the existing sector teams in InvestHK's Hong Kong Head Office. In addition, InvestHK's overseas and Mainland investment promotion units (IPUs) and consultants will be actively involved in global investment promotion activities in relation to achieving carbon neutrality. The manpower and resources of IPUs and consultants will be strengthened.

An annual provision of \$4.5 million is allocated to investment promotion work in achieving carbon neutrality, including global investment promotion activities and staff cost of the 3 specialists.

- End -

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0306)

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 the Matters Requiring Special Attention in 2022-23 under this Programme that Invest Hong Kong (InvestHK) will continue and expand the StartmeupHK programme to support the start-up community and enhance our promotion of the Hong Kong start-up ecosystem overseas and in the Mainland; and continue to attract global start-ups, scale-ups, investors and corporate ventures to set up business in Hong Kong. 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 and after the pandemic? How will InvestHK 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 specifically or in table form.

Asked by: Hon NG Kit-chong, Johnny (LegCo internal reference no.: 6)

Reply:

Invest Hong Kong (InvestHK) launched its StartmeupHK programme in 2013 to provide a one-stop service platform to global startups. The objective of the programme is to promote Hong Kong as a leading hub for entrepreneurship, and to encourage innovative and scalable startups to use Hong Kong as a launch pad to grow their businesses.

In 2021, InvestHK assisted 68 startups to set up their business operations in Hong Kong. They belong to different sectors including innovation and technology, information and communications technology, financial technology, etc.

To track the growth of the startup ecosystem, InvestHK conducted its eighth annual survey in 2021 to poll operators of major co-work spaces, incubators and accelerators in Hong Kong. The results showed that as at November 2021, a total of 3 755 startups were operating in these premises, representing an increase of 68.5% over 2017.

To showcase the vibrant environment of Hong Kong as a leading hub for startups, InvestHK hosts the StartmeupHK Festival every year. Due to the COVID-19 pandemic, the StartmeupHK Festival 2021 went virtual, comprising keynote speeches, panel discussions, virtual exhibition areas, hackathon, one-to-one business matching meetings and startup pitches. The event hosted 806 speakers from 103 countries and regions, attracting over 246 000 views online.

Depending on the pandemic situation, the StartmeupHK Festival 2022 will be held in hybrid mode. In addition, InvestHK plans to stage 6 StartmeupHK Salon virtual events in the Guangdong-Hong Kong-Macao Greater Bay Area, Berlin, Sao Paulo, Jakarta, Toronto and San Francisco to reach out to potential entrepreneurs.

InvestHK will continue to step up its outreach work to international startup communities through attendance and sponsorship of international events, regular meetings with incubators, accelerators and co-work spaces, etc., direct contact with entrepreneurs, hosting various events and working in conjunction with HKSAR Government's offices in the Mainland and overseas Economic and Trade Offices and organisations such as Cyberport and Hong Kong Science and Technology Parks Corporation to promote Hong Kong as a major startup hub.

The actual expenditure for conducting startup-related investment promotion activities in 2021-22 was around \$11 million, while the estimated expenditure for 2022-23 is around \$13.3 million. These figures do not include general marketing and promotion expenses and administrative overhead expenses which cannot be quantified separately.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)072

(Question Serial No. 0426)

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 paragraph 108 of this year's Budget Speech that "Starting from the next financial year, the Government will provide an additional recurrent provision of around \$90 million in phases to strengthen InvestHK's work and our investment promotion network in the Mainland and overseas". In this connection, please advise this Committee of the following:

1. What is the specific work and projects to be launched with the additional annual recurrent provision of around \$90 million provided for Invest Hong Kong (InvestHK) in the Budget?
2. What are the reasons for the increase of 28.4% in InvestHK's estimate under Head 79 as compared with that of last year?
3. It is mentioned under Head 79 that InvestHK will bolster investment promotion and marketing efforts in the innovation and technology sector, and enhance collaboration with key stakeholders such as global partners in the InnoHK programme in consultation with the Innovation and Technology Bureau. What are InvestHK's specific plans in 2022-23 to promote the InnoHK programme and, among them, the number of projects involving the textiles and clothing industry and its sourcing business?
4. It is mentioned under Head 79 that the number of new projects generated and the number of projects completed by InvestHK in 2022 are 708 and 354 respectively. How many of them involve the textiles and clothing industry?
5. What are the strategies and targets of InvestHK for the coming year to promote Hong Kong's traditional industries (including the textiles and clothing industry) in the Greater Bay Area, Mainland China and overseas countries?
6. How many projects and plans will InvestHK have for the coming year to promote Hong Kong as a regional sourcing hub?

Asked by: Hon TAN Sunny (LegCo internal reference no.: 7)

Reply:

To complement Hong Kong's role in the National 14th Five-Year Plan, Invest Hong Kong (InvestHK) will be allocated additional recurrent provisions of around \$90 million in phases (increasing InvestHK's 2022-23 estimate by 28.4% over the previous year) to further strengthen its investment promotion work and better capitalise on the immense opportunities brought by national policies and initiatives of the Hong Kong Special Administrative Region Government. The new recurrent provisions will be deployed to implement proactive and forward-looking promotion strategies at key global target markets, including strengthening promotion in the major areas set out below, enhancing investment promotion in the Mainland and overseas, strengthening promotion in the Guangdong-Hong Kong-Macao Greater Bay Area (Greater Bay Area) and other key Mainland cities, and consolidating investment promotion efforts in priority sectors (such as innovation and technology (I&T), financial services, fintech, family offices and maritime). Major areas with strengthened promotion include:

- Enhancing investment promotion in I&T by organising online, physical or hybrid global promotion activities to support Hong Kong's development into an international I&T centre;
- Enhancing global promotion on Hong Kong's commitment to achieving carbon neutrality before 2050, to attract potential investors to leverage business opportunities in carbon neutrality through Hong Kong;
- Enhancing promotion work on the Greater Bay Area development, organising joint activities with other cities in the Greater Bay Area and attracting overseas companies to set up in the Area;
- Strengthening the set-up of the investment promotion units (IPUs) in Beijing, Shanghai, Chengdu and Wuhan to enhance marketing and promotion efforts in the Mainland, and providing more comprehensive and effective support to Mainland investors;
- Strengthening the set-up of overseas investment promotion teams, including the IPUs in Berlin, Brussels, Toronto and Jakarta and engaging consultants in Central Asia and Africa, so as to enhance overseas investment promotion; and
- Enhancing promotion of talent attraction measures of Hong Kong and encouraging talents around the world to come to Hong Kong.

In 2022-23, in addition to existing global investment promotion events, InvestHK plans to organise 4 to 6 integrated investment promotion and marketing campaigns in key I&T hubs in the Mainland, the United States, Europe and other regions in Asia to promote opportunities in I&T, including the InnoHK programme. InvestHK will partner with relevant I&T ecosystem stakeholders to engage with multinationals, I&T entrepreneurs, universities and investors through one-on-one, roundtable discussions and seminars.

For the textiles, clothing and sourcing industries, InvestHK plans to produce a short video featuring the Mills and the Hong Kong Research Institute of Textiles and Apparel, and participate in international conferences involving textiles and clothing industry professionals and enterprises. InvestHK will enhance outreach to sourcing offices by organising seminars and roundtable discussions through InvestHK's overseas and Mainland IPU's and participating in key economic and trade activities and arranging one-on-one meetings with target companies. These promotion work will be conducted in Latin America and Europe later this year.

Out of the 333 projects completed by InvestHK in 2021, 10 were related to the textile, clothing and sourcing industries. Out of the 689 new projects generated in 2021, 15 were in the said industries.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)073

(Question Serial No. 0675)

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 understood that InvestHK has 32 offices worldwide and only 5 of them are located in the Mainland China while there is only 1 office in Guangzhou within the Guangdong-Hong Kong-Macao Greater Bay Area. The Hong Kong Trade Development Council has 50 offices around the world, of which 13 are located in the Mainland China and there is also only 1 office in Guangzhou within the Guangdong-Hong Kong-Macao Greater Bay Area. Since integrating into the national development is an inevitable path for the Hong Kong economy, how do the Government adapt to the trend in its work in investment promotion and strengthen the connectivity with the Mainland and the Belt and Road countries? Is the additional provision of \$90 million adequate and how will it be allocated? Is there any plan to set up additional investment promotion agencies in the Mainland or the Greater Bay Area for providing impetus for investments in Hong Kong and the Mainland as well as fostering economic development?

Asked by: Hon YIM Kong (LegCo internal reference no.: 9)

Reply:

The Government has all along been attaching much importance to investment promotion in the Mainland. To complement Hong Kong's role in the National 14th Five-Year Plan, Invest Hong Kong (InvestHK) will be allocated additional recurrent provisions of around \$90 million in phases to further strengthen its investment promotion work and better capitalise on the immense opportunities brought by national policies and initiatives of the Hong Kong Special Administrative Region Government. To enhance its investment promotion efforts in the Mainland, InvestHK will strengthen the manpower and resources of its Investment Promotion Units (IPUs) in Beijing, Shanghai, Chengdu and Wuhan, the Greater Bay Area Business Development Team and Mainland Business Development Team in InvestHK's Hong Kong Head Office, as well as its overseas IPUs.

The core of InvestHK's overall strategy is to leverage opportunities for Hong Kong arising from the National 14th Five-Year Plan, the Guangdong-Hong Kong-Macao Greater Bay Area (Greater Bay Area) development and the Belt and Road Initiative, making good use of Hong Kong's role as a two-way platform to assist international investors to seize the opportunities brought by Hong Kong's integration into the national development, as well as for Mainland companies to go global via Hong Kong.

InvestHK will jointly organise hybrid investment promotion events, formulate marketing messages and materials, etc., through the "Pan-Greater Bay Area Inward Investment Liaison Group" established with relevant authorities in the Mainland and Macao, to showcase the business opportunities in the Greater Bay Area, including the new opportunities in Qianhai and Hengqin, with a view to strengthening collaboration and synergy. InvestHK will also collaborate with the Commerce Bureau of Shenzhen Municipality to jointly organise investment promotion activities to promote the investment opportunities of Hong Kong and Shenzhen to overseas investors, including a Greater Bay Area-themed webinar to be held this year.

In addition, InvestHK will work closely with relevant ministries and commissions of the Central Government, commerce bureaux of Mainland provinces and municipalities, Mainland commercial and industrial organisations, as well as chambers of commerce in Hong Kong, to promote Hong Kong as an ideal platform for Mainland companies to go global and its important role under the Belt and Road Initiative.

With regard to assisting Hong Kong businesses to invest in the Mainland, the Hong Kong Trade Development Council (TDC) has 13 offices in the Mainland, two of which are located in the Greater Bay Area, namely in Guangzhou and Shenzhen. Last year, the TDC set up the HKTDC Greater Bay Area Centre in its Shenzhen office to assist Hong Kong small and medium enterprises to grasp opportunities in the Greater Bay Area. To help Hong Kong businesses better integrate into the national development and explore opportunities in the Mainland market, the Government will allocate a total funding of \$135 million to the TDC over the next 3 years for the introduction of the Support Scheme for Pursuing Development in the Mainland, facilitating Hong Kong businessmen, professional services practitioners and entrepreneurs that are already based in the Mainland to seize business opportunities there.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)074

(Question Serial No. 0192)

Head: (181) Trade and Industry Department

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

Programme: (1) Commercial Relations

Controlling Officer: Director General of Trade and Industry (Brian LO)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Trade and Industry Department indicated that in 2022-23, it will continue to take actions in accordance with the World Trade Organization (WTO) Dispute Settlement Mechanism against the revised origin marking requirement implemented by the United States (US) Government on imported products originating from Hong Kong. Would the Government please advise the details and progress of the relevant work?

Asked by: Hon SHIU Ka-fai (LegCo internal reference no.: 6)

Reply:

Since 10 November 2020, the US Customs and Border Protection (US CBP) has unilaterally required that imported goods produced in Hong Kong may no longer be marked to indicate "Hong Kong" as their origin, but must be marked to indicate "China". Although the US CBP has clarified that the new requirement would not affect the entry summary procedures and the assessment of duties, and that imports from Hong Kong and Mainland China would continue to be handled separately, the US' new requirement discriminates against goods of Hong Kong origin and attempts to weaken Hong Kong's status as a separate customs territory. It is also blatantly inconsistent with multiple World Trade Organization (WTO) agreements. Such a move confuses the market and is highly inappropriate. In fact, the "Made in Hong Kong" marking on Hong Kong products, which has been accepted internationally for many years, not only conforms to Hong Kong's status as a separate customs territory and complies with WTO rules, but also provides consumers with clear and accurate information on product origin.

To this end, the HKSAR Government is robustly advancing its arguments to defend Hong Kong's interests in accordance with the WTO Dispute Settlement Mechanism. The panel established by the WTO Dispute Settlement Body (DSB) is considering the dispute raised by Hong Kong with respect to the violation of WTO rules by the US' new requirement on origin marking for Hong Kong products. The panel recently conducted in February 2022

the second (and the last) substantive meeting with the parties to the dispute and expects to issue its final report to the parties in the second quarter of 2022. The report will then be submitted to the WTO DSB for adoption and made available to the public.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)075

(Question Serial No. 0194)

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 (Brian LO)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Matters requiring special attention in 2022–23 under this programme include enhance promotion and outreach to SMEs to provide support services on funding applications. Would the Government please advise the details of the relevant plan, the expected effectiveness and indicators, and the estimated expenditure breakdowns?

Asked by: Hon SHIU Ka-fai (LegCo internal reference no.: 7)

Reply:

The Government will continue to provide “four-in-one” integrated services through the consolidated 4 small and medium enterprises (SMEs) centres (i.e. the Support and Consultation Centre for SMEs of Trade and Industry Department, the SME Centre of Hong Kong Trade Development Council, SME One of Hong Kong Productivity Council and TecONE of Hong Kong Science and Technology Parks Corporation), so that SMEs can obtain the necessary information on all funding schemes at any service point.

A dedicated service team entitled SME ReachOut has also commenced operation since January 2020 to help SMEs identify suitable funding schemes and answer questions relating to applications through face-to-face meetings. During the epidemic, SME ReachOut has strengthened promotion of the funding schemes through various channels including collaboration with the media in conducting publicity and organisation of online and offline promotional activities.

The 4 SMEs centres also promoted the funding schemes and provided other relevant information such as the relief measures under the Anti-epidemic Fund through various channels. In 2021, the 4 SMEs centres and SME ReachOut handled a total of over 41 000 enquiries.

In response to the latest developments of the epidemic, the 4 SMEs centres and SME ReachOut will continue to provide support to SMEs through various channels especially online channels such as webinars, and provide consultation services in video mode.

The estimated expenditure of SME ReachOut in 2022 is around \$12 million. The expenditure of the 4 SMEs centres has been subsumed under the overall expenditure of the concerned department/organisations, and cannot be quantified separately.

- End -