

The tourism industry is a major pillar of the economy of Hong Kong. In 2014, it contributed to 5 per cent of Hong Kong's GDP. It employs around 271 800 persons, accounting for 7.2 per cent of total employment.

In 2015, visitor arrivals declined by 2.5 per cent over 2014 to 59.3 million. The Mainland continued to be the largest source market accounting for around 77 per cent of our visitors. The total number of visitors in the first quarter of 2016 fell by 10.9 per cent over the same period of 2015. Among the total, while Mainland arrivals fell by 15.1%, non-Mainland arrivals increased by 5.4%.

Accommodation and Length of Stay: By end March 2016, Hong Kong had 257 hotels, providing 74 000 rooms. The average occupancy rate was 86% in 2015, and 83% in the first quarter of 2016. To enhance the competitiveness of the hotel industry and entice visitors to lengthen their stay, the Hotel Accommodation Tax has been waived since July 1, 2008. Moreover, to ensure the healthy development of the hotel sector, the Government has undertaken a number of initiatives to promote hotel development to meet the diversified needs of our visitors. For example, a number of sites in different parts of Hong Kong have been designated for "hotel only" sites. The Government has also included in the 2016-17 Land Sale Programme three hotel sites within the "hotel belt" of the Kai Tak Runway Precinct. The development of this site is expected to provide some 2 100 hotel rooms.

Tourism Commission: The Tourism Commission (TC) was established in May 1999 to coordinate within government various tourism development efforts and to provide policy support and leadership to the development of tourism in Hong Kong.

The Commission's objective is to establish and promote Hong Kong as Asia's premier international city, and a world-class destination for leisure and business visitors.

To fulfil this mission, it is essential for the trade and the Government to work closely together. The Tourism Strategy Group, comprising representatives from the Government, the Hong Kong Tourism Board (HKTB) and various sectors of the tourism industry, advises the Government on tourism development from a strategic perspective.

International MICE Destination: The Government is committed to enhancing the appeal of Hong Kong as an ideal MICE (Meetings, Incentive travels, Conventions and Exhibitions) destination in Asia. The HKTB set up a dedicated office, entitled Meetings and Exhibitions Hong Kong (MEHK), in November 2008. Additional fund is earmarked for MEHK to raise Hong Kong's MICE profile and strengthen support to MICE events to be hosted in Hong

Kong. In the first quarter of 2016, there were some 314 000 overnight MICE visitor arrivals to Hong Kong which is similar to the figure of the same period last year.

Hong Kong's main venues for MICE events are the AsiaWorld-Expo (AWE) near the airport, the Hong Kong Convention and Exhibition Centre (HKCEC) in the heart of the city, and the Hong Kong International Trade and Exhibition Centre in Kowloon Bay. In 2015, both HKCEC and AWE have been again listed in the top three 'Best Convention and Exhibition Centre' in the CEI Asia Industry Awards organised by CEI Asia, a prominent MICE publication.

In 2008, Hong Kong became the first duty-free wine port among major economies. It was also chosen for the publication of a Michelin guide, which reinforced Hong Kong's reputation as Asia's culinary capital. To further showcase Hong Kong as a premier destination for visitors to enjoy fine wine and cuisine, the HKTB has since 2009 organised the "Hong Kong Wine and Dine Festival" and launched a variety of food and wine promotions together with major dining districts and the catering sector. In 2016, the Festival, with a larger scale and more featured themes, will be held again at the New Central Harbourfront. It will also offer participants an attractive combination of fine wines, culinary delights and live entertainment at the waterfront of the Victoria Harbour.

Tourist Attractions and Facilities: The Government continues to develop a wide range of diversified tourist attractions in Hong Kong with a view to enhancing Hong Kong's overall attractiveness as a premier tourist destination.

With the completion of the Master Redevelopment Plan, Ocean Park has become a world-class marine-themed park featuring more than 80 attractions. To further enhance its overall attractiveness and receiving capacity, Ocean Park is developing an all-weather indoor cum outdoor waterpark at Tai Shue Wan, which is expected to be completed in the second half of 2018. The construction works of the Park's first hotel, namely Hong Kong Ocean Park Marriott Hotel, has also commenced for completion in 2017. Besides, in February 2016, the Ocean Park selected and announced the Most Preferred Proponent for the construction of the second hotel, namely The Fullerton Hotel @ Ocean Park (previously named as the "Fisherman's Wharf Hotel"). The construction works of the second hotel is expected to commence in 2017 for completion in 2020.

Regarding the Hong Kong Disneyland Resort (HKDL), following the launch of its 10th Anniversary Celebration in 2015, including a new stage show "Mickey and the Wondrous Book", a new attraction "Fairy Tale Forest" and new castle video projections blending with the night time fireworks show "Disney in the Stars", the HKDL will continue

to introduce a series of new initiatives. In June 2016, new “Star Wars”-themed offerings, including upgrading of the “Space Mountain” roller coaster ride into the “Hyperspace Mountain” and the “Jedi Training Academy”, will be launched. A new themed area based on Marvel’s “Iron Man” franchise and a new hotel with a theme dedicated to the spirit of exploration will open in end-2016 and early 2017 respectively. The Government is also discussing with The Walt Disney Company the further development of the HKDL.

The Hong Kong Wetland Park is a world-class conservation, education and tourism facility. It consists of a 60-hectare outdoor wetland reserve and a 10 000 square metres visitor centre with three exhibition galleries. As a major green tourism facility, it blends well with the surrounding.

Opened in September 2006, Ngong Ping 360 comprises a 5.7 km cableway ride lasting about 25 minutes, and a Buddhist themed village. The crystal cabin cable car ride launched in 2009 offers a spectacular panoramic view of the beautiful landscape of Lantau Island. Having visited the Buddhist themed village, visitors can proceed to visit the new Pai Lau, Bodhi Path, Di Tan and the Chinese landscaped garden in the 1.5-hectare Ngong Ping Piazza which was opened in August 2010, as well as the tourist attractions nearby, such as the Po Lin Monastery, Giant Buddha, and Wisdom Path. In addition, visitors can explore other intriguing parts of Lantau, including Tai O fish village and beautiful beaches on Southern Lantau.

Located at the former Kai Tak runway, the Kai Tak Cruise Terminal came into operation in June 2013. It can handle the largest cruise ships in the world. Together with Ocean Terminal in Tsim Sha Tsui, the new terminal will provide the necessary infrastructure to reinforce the city’s position as a leading regional cruise hub. The HKTB will also continue to strengthen its promotion efforts and attract more cruise ships to Hong Kong.

In addition, enhancement projects are implemented to give a facelift to the existing popular tourist areas. Completed projects include enhancement of the Sai Kung waterfront, minor improvements to Lei Yue Mun, Visitor Signage Improvement Scheme, the Stanley Waterfront Improvement Project, the Peak Improvement Scheme, the Tsim Sha Tsui Promenade Beautification Project, the Transport Link in Tsim Sha Tsui East, beautification of two footbridges in Tsim Sha Tsui East, the Aberdeen Tourism Project and Ani-Com Park@Harbour“FUN” in Wan Chai. Enhancement works are being carried out to revitalise the Avenue of Stars, which is a joint venture with the private sector, and are expected to be completed in 2018. A project to further improve the facilities along Lei Yue Mun waterfront is also under planning. Further, the Government will update and enrich the Dr Sun Yat-sen Historical Trail, and the preliminary ideas include re-designing the memorial plaques and updating their contents so as to add interaction and fun to the Trail. The Trail, together with “PMQ” as well as the former Central Police Station Compound to be opened this year, will transform the Central and Western District into an “art-across-time” community.

“*A Symphony of Lights*”, a nightly show on both sides of the Victoria Harbour launched by the Commission in early

2004, is very well received by both visitors and locals. It was awarded the world’s “Largest Permanent Light and Sound Show” by Guinness World Records. At present, there are 47 participating buildings.

Promotion of tourism is not simply about construction of new facilities. The Government has not lost sight of the fact that Hong Kong’s traditional relics and assets, some of which date back six thousand years, offer visitors insight into the region’s history. One fine example is the preservation and development of the former Marine Police Headquarters in Tsim Sha Tsui into a tourism facility by the private sector, which has been opened to the public as “1881 Heritage”. In promoting cultural tourism, the HKTB has designed various walking routes to help visitors explore Hong Kong’s fascinating culture, culinary delights and unique heritage in different districts, such as the walled village in Fanling and the open-air markets in Yau Ma Tei and Mong Kok. In addition, the HKTB works with the trade to promote traditional Chinese customs and festivals, such as the Tin Hau Festival parade in Yuen Long and Cha Kwo Ling, Tam Kung Festival in Shaukeiwan, the Cheung Chau Bun Festival and the Birthday of Lord Buddha celebrations at Po Lin Monastery. These four traditional festivals were again bundled under the “Hong Kong Cultural Celebrations” promotion in May to encourage visitors to take part in the festive celebrations in different districts.

Leveraging Hong Kong’s ecological richness and diversity, the Commission has been promoting green tourism in Northeast New Territories and outlying islands, having regard to the principles of nature conservation and sustainable development. The HKTB has launched the “Great Outdoors Hong Kong” marketing platform since 2009 to promote the Hong Kong Global Geopark of China, the natural scenery of various outlying islands, popular hiking trails and other green attractions. The HKTB also actively promotes cultural and arts events in Hong Kong, including the Hong Kong Arts Festival, the Hong Kong International Film Festival, Art Basel Hong Kong, and large-scale arts exhibitions in various local museums. To introduce to visitors Hong Kong’s arts and cultural attractions and happenings in different districts, the HKTB maintains a dedicated “Arts and Performance” section in its official website. Moreover, the Commission, in collaboration with the HKTB, has joined hands with performing arts groups and the tourism sector to enrich visitors’ travel experience with different arts and cultural programmes.

Standards and Performance: Apart from making available a wide range of attractions to enrich visitors’ experience, it is equally important to enhance the standard of service offered. The Travel Agents Ordinance puts in place a licensing regime to regulate travel agents who provide inbound and outbound travel services. To ensure the quality of service to visitors, tourist guides are required to complete prescribed training and pass an examination. They have to observe the “Code of Conduct for Tourist Guides” issued by the Travel Industry Council of Hong Kong (TIC). By end of March 2016, Hong Kong has about 6 848 accredited tourist guides. As part of the efforts to help members of the travel agents trade to continuously upgrade their professional knowledge and

quality of service, since mid-2006, the Government has subsidised a series of specialised courses for them. By the end of March 2016, some 6 080 members of the travel agents trade have enrolled in the courses. To further encourage tourist guides to continuously better equip themselves to meet new market challenges, in July 2007, the TIC introduced a Continuous Professional Development Programme (CPD Programme) for tourist guides. Tourist guides are required to fulfil the training requirements of the CPD Programme for renewal of Tourist Guide Pass. This aims to ensure the continuous enhancement of the quality of tourist guide service.

To promote the healthy and sustainable development of the tourism industry, the Government conducted a review of the operation and regulatory framework of the tourism sector in 2011 and decided to set up an independent statutory body, named the Travel Industry Authority (TIA), to take up the overall regulation of travel agents, tourist guides and tour escorts. The Tourism Commission is setting in hand the drafting of the new legislation and other relevant work for the establishment of the TIA.

In 2016, the HKTB will enhance the promotion of the Quality Tourism Services (QTS) Scheme, which aims to encourage retailers, restaurants and visitor accommodations to elevate their service standards, thereby giving visitors quality assurance. As at end 2015, a total of 8 225 retail and restaurant outlets, as well as 14 visitor accommodation premises covering 909 rooms had received QTS accreditation.

The promotion of a community-wide hospitality culture is essential to the sustainable development of the tourism industry. The Tourism Commission launched the Hong Kong Young Ambassador Scheme in 2001 to inspire young people with a sense of courtesy and helpfulness to visitors, as well as to promote a hospitality culture in schools and the community. The Commission also maintains liaison and co-operation with the travel and related industries, and tourism authorities in the Mainland to encourage exchange among frontline practitioners with a view to further improving service quality.

Mega Events Fund: Mega events not only add colour and vibrancy to the city, but also enrich the travel experience of visitors. To further promote Hong Kong as an events capital of Asia, the Government set up the Mega Events Fund in May 2009 and further extended its operation in April 2012 with the allocation of \$150 million for five years under a modified two-tier system. The modified system will provide financial incentive to attract new or established high profile mega events to Hong Kong, whilst at the same time continue to encourage the staging of potential mega arts, cultural, sports and entertainment events in Hong Kong organised by local non-profit-making organisations.

Accessing Hong Kong: The Government continues to enhance Hong Kong's accessibility. Nationals from some 170 countries can visit Hong Kong visa free for periods ranging from seven to 180 days.

As for Mainland visitors, the quota of the Hong Kong Tour Group Scheme of Mainland visitors was abolished in

January 2002. The Individual Visit Scheme (IVS) allowing residents of designated Mainland cities to visit Hong Kong as independent travellers, without joining group tours, introduced in July 2003, has been gradually extended and now covers 49 Mainland cities, including all 21 cities in Guangdong Province, Shanghai, Beijing, Chongqing, Tianjin, Chengdu, Dalian, Shenyang, Jinan, Nanchang, Changsha, Nanning, Haikou, Guiyang, Kunming, Shijiazhuang, Zhengzhou, Changchun, Hefei, Wuhan and a total of nine cities in Fujian (Fuzhou, Xiamen, Quanzhou), Jiangsu (Nanjing, Suzhou, Wuxi) and Zhejiang (Hangzhou, Ningbo, Taizhou). IVS arrivals have increased from 35 per cent of all Mainland arrivals in 2004 to 58.6 per cent in the first three months of 2016. As at March 2016, there were over 194.53 million visitor arrivals from the Mainland through the IVS since its implementation.

Promoting Hong Kong: The HKTB is a statutory body set up to promote Hong Kong globally as a world-class tourist destination. In addition to its head office in Hong Kong, the HKTB has 21 offices and representatives in six regions around the world.

The HKTB commissions market studies to gauge industry trends, and shares the information with its travel trade partners. Its marketing campaigns focus on 20 major source markets, which account for about 96 per cent of total visitor arrivals to Hong Kong.

In allocating its marketing resources to different markets, the HKTB adopts a flexible approach so that it can swiftly respond to unforeseen circumstances in the macro environment and minimise the risks. In addition to driving visitor arrivals from the key markets, such as Taiwan, Southeast Asia and South Korea, the HKTB also strives to step up promotional efforts in the new markets, including India, Russia and the countries in the Gulf Co-operation Council, capitalising on the economic growth and increased flight capacity of these markets.

Since 2014, the HKTB has launched the "My Time for Hong Kong" global brand campaign to promote the unique and diverse travel experiences of Hong Kong through various channels including digital platforms, public relations initiatives and consumer travel fairs, etc.

In Hong Kong, the HKTB has further enhanced its year-round programme of mega events to offer visitors the best possible experience during their stay. Major campaigns include "International Chinese New Year Parade", "Hong Kong Summer Fun", "Hong Kong Dragon Boat Carnival", "Hong Kong Pulse 3D Light Show", "Hong Kong Cyclothron", "Hong Kong Wine and Dine Festival", "Great Outdoors Hong Kong", "Hong Kong WinterFest" and "Hong Kong New Year Countdown Celebrations". In August 2016 and from late November to late December 2016 during the periods of HKTB's mega events, namely the "Hong Kong Summer Fun" and the "Hong Kong WinterFest", the HKTB will stage a new round of the "Hong Kong Pulse 3D Light Show" respectively to showcase the magnificent night view of the Victoria Harbour. These events are promoted along with traditional festivals and cultural celebrations, as well as major events launched by other organisations, with the objectives of enriching visitors' experience and reinforcing Hong Kong's

image as the Events Capital of Asia. Working closely with its trade partners, the HKTB will also develop new tourism products, events and offers to cater for the needs and interests of different visitor segments.

To promote Hong Kong's tourism attractions to visitors worldwide, the HKTB has adopted an integrated approach that combines digital marketing, consumer promotions and public relations activities. The HKTB's consumer website www.discoverhongkong.com now available in 15 languages and 22 market versions, recorded more than 90 million visits in 2015. In order to expand the reach of its promotions, the HKTB has stepped up its digital marketing efforts. Besides improving site usability to enhance browsing experience, the content were enriched to better showcase Hong Kong's core tourism strengths and happenings as the "Asia's World City". The site also includes new built-in features to facilitate pre-trip planning, such as the 'Hong Kong Insider's Guide', 'My

Hong Kong Guide' and 'Nearby Points of Interest' functionalities. On top of the website, the HKTB has been leveraging social media and mobile platforms to promote Hong Kong, as well as collaborating with media and popular online celebrities to promote Hong Kong's diverse tourism appeals through unique contents and videos.

The HKTB works very closely with its partners from the travel and related sectors. In 2015, it organised 29 familiarisation trips to Hong Kong, in which 550 travel trade representatives took part. It has also been working closely with different tourism administrations in the Mainland to promote multi-destination itineraries in various markets to local trade and media, through different means including organising roadshows, travel missions, familiarization trips, joint participation in major international travel trade shows and advertisement.