

**Report on the Work of the
Fourth-term Government
of the
Hong Kong Special Administrative Region**

June 2017

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Foreword

In late 2011, after declaring my candidacy for the Chief Executive Election, I issued a draft platform for public comments. Having listened to the views of different sectors and social strata, I revised the draft platform and published my manifesto. At that time, I said that the manifesto was not only my platform for running in the Election, but would also be my platform for running Hong Kong after I was elected.

Since assuming office in July 2012, the entire Government and I have been administering Hong Kong in accordance with my manifesto. Through the Policy Address each year, we have been turning ideas, policies and measures in the manifesto into major initiatives progressively.

A work report was issued every late June over the past four years to give the public a regular account of the progress and achievements of our work so as to facilitate public supervision.

As our five-year term of office is drawing to an end, the current-term Government has decided to publish a five-year report to conclude the work of the Government in the past five years, so as to summarise the progress and achievements of our work with facts and figures for public perusal.

In concluding our work in the past five years, I would like to extend my special gratitude to all politically appointed officials, principal officials, civil servants, as well as members of the Executive Council, Legislative Council, District Councils, statutory bodies and advisory bodies. My thanks also go to members of the public for their advice, encouragement and criticism.

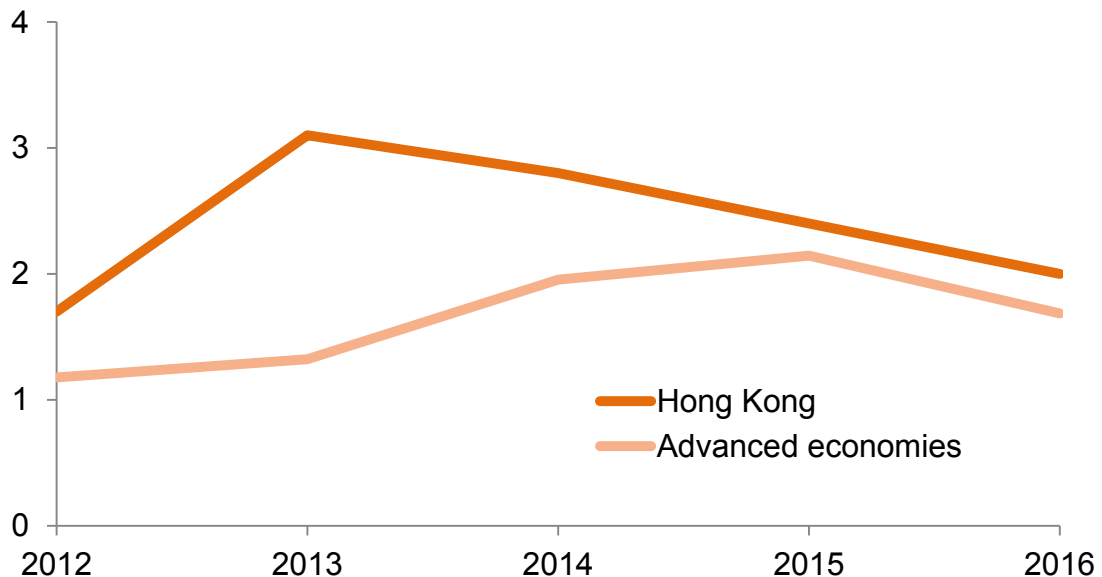
C Y Leung
Fourth Term Chief Executive
Hong Kong Special Administrative Region
27 June 2017

Economy

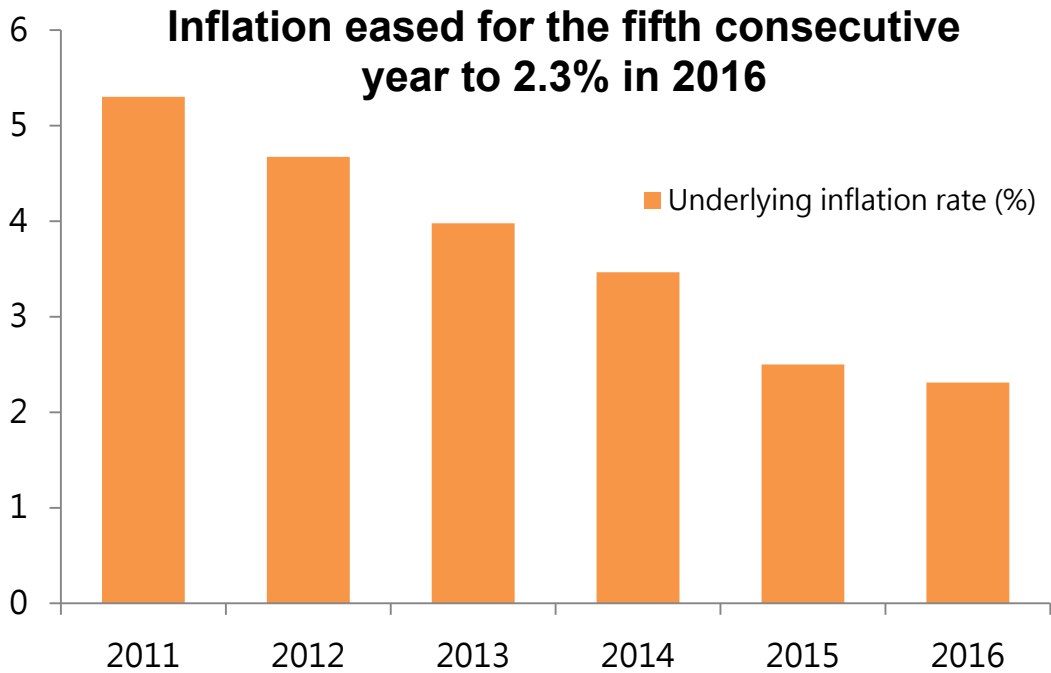
- The Hong Kong economy attained moderate growth in the past five years, averaging 2.4% per annum. This was faster than the 1.7% growth in other advanced economies during the same period. The Hong Kong economy grew by 4.3% year-on-year in the first quarter of 2017.

Hong Kong's economic growth was notably faster than the average growth pace of advanced economies

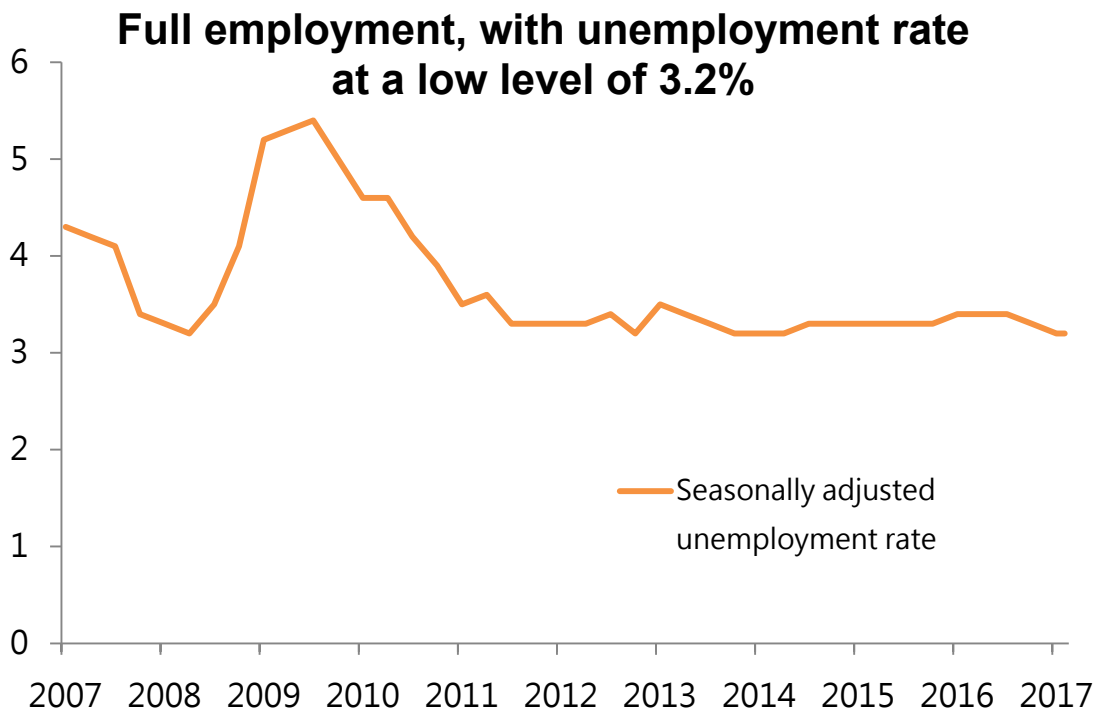
Year-on-year GDP growth in real terms(%)



- Per capita nominal GDP rose cumulatively by 24.1% in the past five years, to reach US\$43,700 in 2016.
- Underlying inflation eased for five consecutive years, to 2.3% in 2016.



- The labour market has remained in a state of full employment. The unemployment rate stayed low at 3.2% in February - April 2017. Total employment increased by 210 000 in the past five years to a record high of 3.79 million in 2016.



- The average employment earnings of full-time employees rose cumulatively by 9.1% in real terms in the past five years. The average employment earnings in the lowest three income decile groups grew cumulatively by 11.2% in real terms.
- The position of direct investment liabilities rose by 51% in the past five years to \$13.8 trillion in 2016, equivalent to 560% of GDP.
- The number of business operations in Hong Kong with parent companies from around the world climbed by 15% in the past five years to a record high of 7 986 in 2016, with the importance of Hong Kong as a “super-connector” continuing to rise.
- Hong Kong continued to be ranked the world’s freest economy in the past five years by the Heritage Foundation, and also the world’s most competitive economy for the second consecutive year in the World Competitiveness Yearbook 2017 by the International Institute for Management Development.

Financial Services

- The Stock Exchange of Hong Kong ranked first globally for two consecutive years in 2015 and 2016 for raising Initial Public Offering (IPO) funds. In the past five years, around \$950 billion were raised through IPOs. From 2012 to 2016, total loans and advances of Authorised Institutions increased by around 60% to \$8 trillion, while loans and advances denominated in currencies other than the Hong Kong dollar also grew by 85%. As at the end of April 2017, the amount of customer deposits and outstanding certificates of deposit in Hong Kong reached Renminbi (RMB) \$602 billion. According to the statistics published by the Society for Worldwide Interbank Financial Telecommunication (SWIFT), around 75% of the world’s RMB payment transactions were processed via Hong Kong in April 2017. Hong Kong’s asset management industry plays a leading role in the region, with the number of asset management companies increasing by almost 50% in five years. Almost 70% of our fund management business

(excluding real estate investment funds) comes from non-Hong Kong investors.

- Since the implementation of the Employee Choice Arrangement for Mandatory Provident Fund (MPF) Schemes in 2012, it provides 2.6 million employees with greater control over MPF investment, enhances market competition and creates room for fee reduction. In April 2017, the fee-controlled Default Investment Strategy was implemented to address the concerns over “high fees and difficulty in making choices” in some MPF Schemes.
- Established the Financial Services Development Council (FSDC) in 2013. The FSDC has released 30 reports with an array of recommendations on the sustainable development of Hong Kong’s financial market and financial services sector. The Government has actively considered and followed up on the recommendations, implementing, where feasible, appropriate measures in response to the recommendations in the reports. The FSDC has maintained close liaison with the financial services sector and promoted Hong Kong’s financial services industry in the Mainland and overseas through different activities such as seminars and roadshows.
- Since 2013, implemented the Basel III standards in phases with a view to improving banks' ability to absorb shocks and enhancing the resilience of the banking system.
- In 2013, the Inland Revenue and Stamp Duty Legislation (Alternative Bond Schemes) (Amendment) Ordinance 2013 was enacted to provide a comparable taxation framework for Islamic bonds (or sukuk) vis-à-vis conventional bonds; and since September 2014, successfully issued under the Government Bond Programme three sukuks denominated in US dollar with different structure and tenor.
- The new Companies Ordinance came into effect in 2014 to provide a modernised legal framework for the incorporation and operation of over 1.2 million companies in Hong Kong, which enhances corporate governance, ensures better regulation and facilitates business.

- In 2014, Shanghai-Hong Kong Stock Connect was launched.
- In February 2015, the Stamp Duty (Amendment) Ordinance 2015 was enacted to waive the stamp duty for the transfer of shares or units of all exchange traded funds. In July 2015, the Inland Revenue (Amendment) (No. 2) Ordinance 2015 was enacted to extend the profits tax exemption for offshore funds to private equity funds.
- In 2015, implemented the mutual recognition of funds (MRF) arrangement between the Mainland and Hong Kong. As at end-April 2017, 55 funds have been authorised or approved for public offerings in the Mainland or Hong Kong, with net sales of more than 7.4 billion RMB. In December 2016, an MRF arrangement with Switzerland was implemented.
- In 2015, the Insurance Companies (Amendment) Ordinance 2015 was enacted and the Insurance Authority was established in December of the same year.
- In 2015, the Clearing and Settlement Systems (Amendment) Ordinance 2015 was enacted to regulate stored value facilities and retail payment systems, with a view to strengthening the public's confidence in the use of these products and services, and fostering the development and innovation of the industry.
- Introduced an array of measures to promote the development of financial technologies (Fintech) in Hong Kong: financial regulators have set up dedicated Fintech liaison platforms to enhance communications with the Fintech industry; Invest Hong Kong has established a dedicated Fintech team to appeal to start-ups and investors to establish a presence in Hong Kong; the Hong Kong Monetary Authority launched Cybersecurity Fortification Initiative, the Fintech Supervisory Sandbox, Innovation Hub and Distributed Ledger Technology White Paper, etc. in 2016.
- In 2016, the Deposit Protection Scheme (Amendment) Ordinance 2016 was enacted to adopt a gross payout approach for the determination of compensation, in order to speed up the payout process in case the Deposit Protection Scheme is triggered.

- In 2016, the Inland Revenue (Amendment) (No. 2) Ordinance 2016 was enacted to attract multinational and Mainland corporations to establish corporate treasury centres in Hong Kong.
- In 2016, the Securities and Futures (Amendment) Ordinance 2016 was enacted to introduce a legal framework for the open-ended fund company as a form of fund vehicle.
- In 2016, the Financial Institutions (Resolution) Ordinance was enacted to establish a cross-sectoral resolution regime for financial institutions that meets the international standards.
- In 2016, the Hong Kong Monetary Authority established the Infrastructure Financing Facilitation Office (IFFO) to facilitate infrastructure investments and their financing. So far, over 60 organisations from the Mainland, Hong Kong and overseas have joined IFFO as its partners.
- In 2016, launched a three-year Pilot Programme to Enhance Talent Training for the Insurance Sector and the Asset and Wealth Management Sector to attract new blood to the sectors and enhance the professional competency of in-service practitioners.
- In 2016, Shenzhen-Hong Kong Stock Connect was launched.
- In 2016, launched the Silver Bond pilot scheme with a view to providing an investment product with steady returns for senior residents, and encouraging financial institutions to tap into the potential of the “silver market”.
- In 2017, the Companies (Winding Up and Miscellaneous Provisions) (Amendment) Ordinance 2016 came into effect to provide a modernised corporate winding-up regime, which increases protection of creditors, as well as streamlines and further enhances the integrity of the winding-up process.
- In the past five years, the number of Comprehensive Avoidance of Double Taxation Agreements signed by Hong Kong increased from 25 to 37, thereby effectively easing the tax burden borne by enterprises and fostering investment and trade.

- In 2017, a tax policy unit was set up in the Financial Services and the Treasury Bureau, with a priority to actively study ways to foster the development of local industries through tax measures.
- In March 2017, introduced the Inland Revenue (Amendment) (No. 2) Bill 2017 into the Legislative Council (LegCo) to create a dedicated tax regime so as to strengthen the competitiveness of Hong Kong for developing offshore aircraft leasing activities. Under the regime, the tax rate on the qualifying profits of qualifying aircraft lessors and qualifying aircraft leasing managers will be 8.25%; and the taxable amount of lease payments derived from leasing of an aircraft to any aircraft operator by a qualifying aircraft lessor will be equal to 20% of the tax base. This regime will also be applicable to onshore aircraft leasing activities.
- Hong Kong became a new member of the Asian Infrastructure Investment Bank in June 2017. We will support the bank's operation through our highly liquid capital markets and our professionals with reputable experiences in designing, constructing and operating major infrastructure projects.

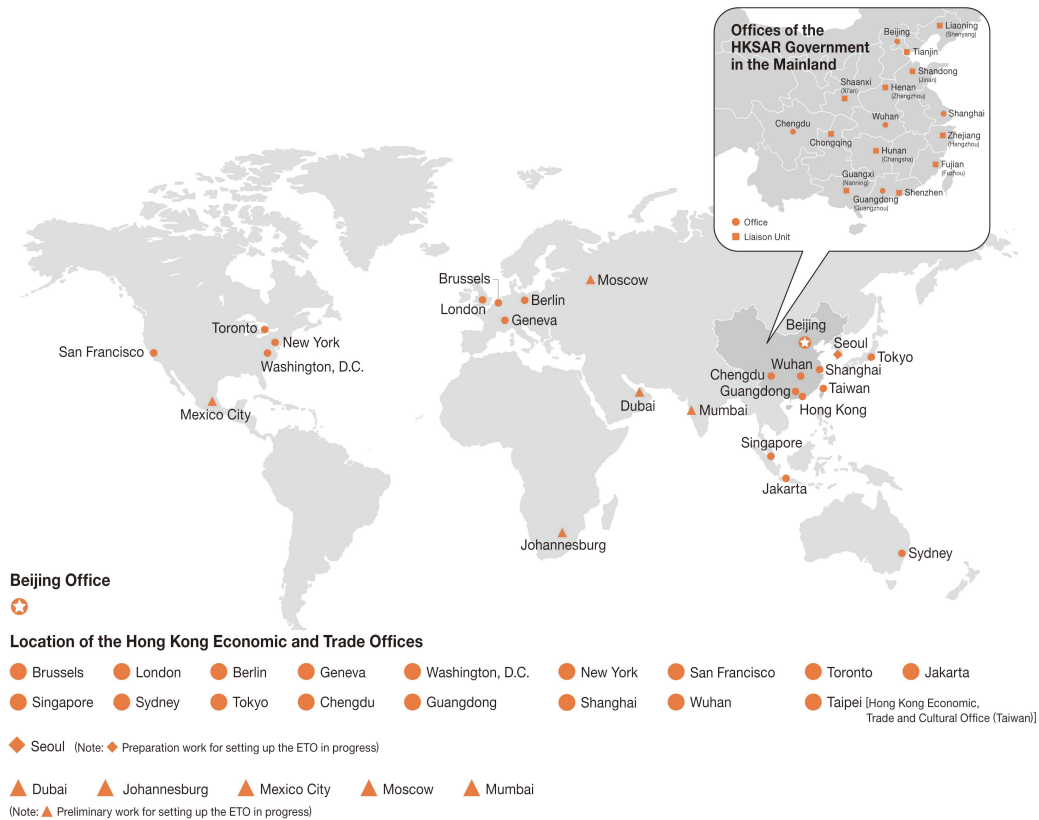
Trade and Commerce

- Signed the Supplement X to the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) in 2013 and implemented in January 2014.
- Signed the Agreement between the Mainland and Hong Kong on Achieving Basic Liberalisation of Trade in Services in Guangdong in 2014 and implemented in March 2015.
- Signed the Agreement on Trade in Services with the Mainland in 2015. The Mainland and Hong Kong basically achieved liberalisation of trade in services in June 2016.
- The application period of the special concessionary measures under the Small and Medium Enterprise (SME) Financing Guarantee Scheme of the Hong Kong Mortgage Corporation Limited, which has a loan guarantee commitment of \$100 billion,

was extended several times until end February 2018. The annual guarantee fee rate was reduced by 10%, and the minimum guarantee fee was removed.

- In 2015, injected \$1.5 billion into the SME Export Marketing and Development Funds. Enhancement measures were implemented.
- In 2017, extended the application period of the \$1 billion Dedicated Fund on Branding, Upgrading and Domestic Sales to June 2022.
- Signed the free trade agreement (FTA) with Chile in 2012. Commenced FTA negotiations with the Association of Southeast Asian Nations in 2014, with Georgia and Maldives respectively in 2016, and with Australia in 2017.
- Established the high-level Economic Development Commission in 2013, underpinned by four Working Groups on Transportation; Convention and Exhibition Industries and Tourism; Manufacturing Industries, Innovative Technology, and Cultural and Creative Industries; and Professional Services.
- Established the Working Group on Intellectual Property (IP) Trading in 2013 to study measures for promoting Hong Kong as an IP trading hub. In 2015, the Working Group report put forward 28 recommended measures.
- In 2016, the number of ship calls at Kai Tak Cruise Terminal was 95, representing nearly 70% increase over that in 2015. It is expected that the number of ship calls in 2017 will be doubled to around 200.
- Since April 2015, adjusted the “multiple-entry” endorsements for permanent residents of Shenzhen to “one trip per week”.
- The plan to set up an Economic and Trade Office (ETO) in Jakarta was announced in September 2015 and the ETO was established in June 2016. In November 2015, the plan to set up an ETO in Seoul was announced. In January 2017, preliminary work to set up ETOs in India, Mexico, Russia, South Africa and the United Arab Emirates commenced. The number of overseas ETOs will increase significantly from 11 offices five years ago to 18.

- Significantly increased the number of liaison units in the Mainland from three to 11 over the past five years and completed the network of having an office in each of the eastern, southern, western, northern and central regions in the Mainland. Each Mainland Office is supported by at least two liaison units.



Map of Offices Outside Hong Kong

- Signed investment agreements with Canada and Chile respectively in 2016. Investment agreement negotiations with Russia commenced in 2012, the Association of Southeast Asian Nations in 2014, Maldives and Iran in 2016, and Australia in 2017. Concluded negotiations with Bahrain and Myanmar were in 2013, the United Arab Emirates in 2016, and Mexico in 2017.

- Organised the inaugural Belt and Road Summit in 2016. Over 2 400 participants, including key government officials from markets along the Belt and Road, representatives from international organisations, business leaders and experts from relevant sectors, attended the Summit.
- Promoted mega events and activities. In 2016, the FIA Formula E Hong Kong ePrix was held in Hong Kong for the first time, which attracted more than 20 000 spectators with around 25% of them being visitors.
- In 2016, launched the \$200 million Professional Services Advancement Support Scheme to support Hong Kong's professional services sector in undertaking external exchanges, cooperation and publicity activities, and in enhancing standards and competitiveness.
- Promoted Hong Kong as a start-up hub. As at mid-2016, there were a total of 1 926 start-ups in Hong Kong, representing a 80% increase compared to 2014.
- In 2017, the Travel Industry Bill was introduced into the LegCo to provide for the establishment of the Travel Industry Authority.
- Fostered the development of tourism infrastructure, including the redevelopment of Ocean Park and expansion of Hong Kong Disneyland Resort.
- Over the past five years, we have provided additional resources, out of which an additional \$700 million is provided for the CreateSmart Initiative (CSI) and \$220 million for the Film Development Fund (FDF), to promote the development of creative industries, with a focus on talent and start-up nurturing, market development and promotion of cross-sectional and cross-territorial collaboration. During this period, projects supported by the CSI have scooped 34 international awards and films supported by the FDF have won 60 awards in total.
- Through the Hong Kong Young Design Talent Awards, 43 young designers or design graduates have been subsidised to undertake internships or further studies overseas. In 2016, efforts have been stepped up to nurture design talents by raising the admission quota of the Design Incubation

Programme by 50% from 20 to 30 each year. In 2017, the Fashion Incubation Programme was launched with a view to recruiting 15 fashion design companies within three years and providing them with incubation support over a two-year programme.

- New blood for various creative sectors have been nurtured through the Animation Support Program, Mobile Game Start-Ups Support Program, Ear Up Record Label Creation & Incubation Program, and a programme for supporting advertising and music talents, etc.
- Financing or grant has been provided through the Film Production Financing Scheme and the Film Production Grant Scheme to 19 film productions, of which ten directors and 12 producers directed and produced their films for the first time respectively. The First Feature Film Initiative launched in 2013 has so far selected seven up-and-coming directors and subsidised the production of their first feature films.
- Collaborated with the film industry in 2017 to run professional training programmes with a total of 200 places, and subsidise ten practitioners in the post-production sector in each of the next three years to further their studies or undertake internships overseas.
- Organised Belt and Road promotional tours from 2017 onwards to countries with market potential, such as Iran, Indonesia, Malaysia, India, etc., with a view to attracting film producers to come to Hong Kong for post-production and location filming and production facilitation services.
- To arrest the declining trend of the number of cinemas and promote the development of the film industry, announced in 2017 that provision of cinemas should be mandated by lease conditions at appropriate sites so that movie-watching will be more convenient and audiences will be consolidated and build up. Two government land sale sites have been preliminary identified.

Economic and Trade Cooperation with the Mainland

- Participated in the preparatory work to complement the drawing up of the National 13th Five-Year Plan since July 2012 through research into key subjects such as economic and trade, innovation and technology and professional services, and communication with stakeholders. The Dedicated Chapter on Hong Kong and Macao in the Outline of the National 13th Five-Year Plan promulgated in March 2016 fully reaffirms Hong Kong's strategic position as international financial, transportation and trade centres and acknowledges the unique advantages of the HKSAR in areas such as professional services and regional cooperation.
- Commenced the work to draw up the Development Plan for a city cluster in the Guangdong-Hong Kong-Macao Bay Area based on the proposal in the Dedicated Chapter on Hong Kong and Macao, together with the National Development and Reform Commission, and the Guangdong Provincial Government and Macao SAR Government.
- Worked closely with the Guangdong Provincial Government through the Hong Kong/Guangdong cooperation mechanism to leverage the pioneering effect of “early and pilot implementation” measures, and made good use of the regional cooperation mechanisms with the Pan Pearl River Delta (PRD), Beijing and Shanghai.
- Established the Fujian-Hong Kong Cooperation Conference in 2015 to strengthen cooperation in economic, trade, social and livelihood areas; and took forward in-depth cooperation with other provinces and municipalities (including Sichuan and Guangxi).
- Established the Consultative Committee on Economic and Trade Cooperation between Hong Kong and the Mainland in 2013. In late 2015, the Committee submitted to the Chief Executive study reports on promoting cooperation between Hong Kong and Nansha, Qianhai and Hengqin; assisting Hong Kong professional service sectors to open up the Mainland

market and capitalise on the opportunities arising from the country's Belt and Road initiative, as well as facilitating young people to work and develop in the Mainland.

Arbitration, Mediation and Legal Services

- The Arbitration (Amendment) Ordinance 2013 was enacted in 2013 to implement the arrangement with Macao concerning reciprocal recognition and enforcement of arbitral awards, and to further enhance Hong Kong's arbitration regime in the light of international practices.
- In 2015, the Permanent Court of Arbitration (PCA) (based in The Hague) signed a host country agreement with the Central People's Government and a related memorandum of administrative arrangements with the Government of the HKSAR to facilitate the conduct of PCA-administered arbitration in Hong Kong, including state-investor arbitration.
- The Arbitration (Amendment) Ordinance 2017 was enacted in 2017 to clarify the arbitrability of intellectual property (IP) disputes, thereby facilitating the conduct of IP arbitration in Hong Kong as well as consolidating and enhancing Hong Kong's status as an international arbitration centre and an IP trading hub.
- The Arbitration and Mediation Legislation (Third Party Funding) (Amendment) Ordinance 2017 was enacted in 2017 to clarify that third-party funding of arbitration, mediation and related proceedings is permitted in Hong Kong.
- Pursuant to the recommendation of the Steering Committee on Mediation, the Apology Bill was introduced into LegCo in February of 2017 to clarify the legal consequences of making apologies. The main objective of the Bill is to promote and encourage the making of timely apologies so as prevent the escalation of disputes and facilitate their settlement.
- To facilitate the effective use of mediation and to provide more choices to users, in addition to the promotion of facilitative mediation, to consider the use of evaluative mediation in

suitable cases for resolving IP disputes.

- Signed the Arrangement on Mutual Taking of Evidence in Civil and Commercial Matters between the Courts of the Mainland and the HKSAR in 2016 to assist litigants in civil and commercial cases to obtain evidence more efficiently under the existing legal framework.
- In June 2017, signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil Matrimonial and Family Cases by the Courts of the Mainland and of the HKSAR with the Supreme People's Court, thereby establishing a mechanism for parties to seek recognition and enforcement of judgments on matrimonial and related matters in both Hong Kong and the Mainland, as well as providing better safeguards to relevant families and their children.
- Facilitating the development of practices by world class law-related organisations in Hong Kong. In the past five years, a number of international and regional organisations have established their offices in Hong Kong, including the Hague Conference on Private International Law, China International Economic and Trade Arbitration Commission as well as China Maritime Arbitration Commission.
- Hong Kong e-Legislation, the new legislation database was launched in February 2017 to facilitate access to the text of Hong Kong legislation.

Housing and Transport

Pushed Forward or Commenced the Construction of a Large Number of Transport Infrastructure Facilities in the Past Five Years

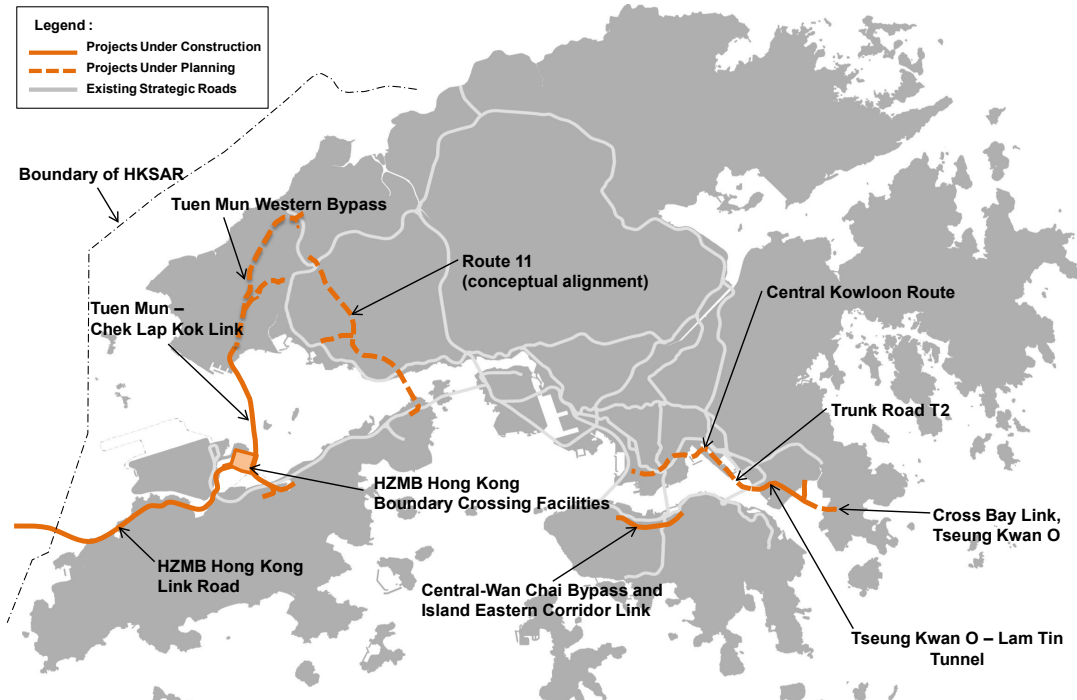
- For the Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link, discussing with the MTR Corporation Limited (MTRCL) on the operational arrangements and with the Mainland authorities on the implementation of the “co-location of customs, immigration and quarantine clearance” at the West Kowloon Terminus, and striving to achieve commissioning in the third quarter of 2018.
- Striving for the commissioning of the “Tai Wai to Hung Hom Section” and the “Hung Hom to Admiralty Section” of the Shatin to Central Link in mid-2019 and 2021 respectively.
- Announced the Railway Development Strategy 2014 which recommended seven new railway projects, and invited the MTRCL to submit proposals for the implementation of the Northern Link (and Kwu Tung Station), Tuen Mun South Extension, East Kowloon Line and Tung Chung West Extension (and Tung Chung East Station).

Railway Projects mentioned in the Railway Development Strategy 2014



- Striving to achieve readiness for commissioning of the Hong Kong section of the Hong Kong-Zhuhai-Macao Bridge (HZMB), by the end of 2017.
- The nine km-long Tuen Mun-Chek Lap Kok Link (TM-CLKL) will provide a new strategic road connecting Northwest New Territories, North Lantau, the Hong Kong Boundary Crossing Facilities of HZMB and the Hong Kong International Airport (HKIA). It will also serve as an alternative road connecting HKIA and the urban areas.
- Aiming to achieve full commissioning of the Central-Wan Chai Bypass and Island Eastern Corridor Link in end 2018 or first quarter of 2019, after which it will only be a five-minute drive from Central to Island Eastern Corridor at North Point.

Major Transport Infrastructure Projects under Construction and Planning



- Commencing construction of Tseung Kwan O – Lam Tin Tunnel with targeted completion in 2021, to become an additional major road link between Tseung Kwan O and East Kowloon and relieve the traffic load of Tseung Kwan O and Tseung Kwan O Tunnel.
- Striving to commence construction of the Central Kowloon Route this year for completion in 2025, so that the journey time between West Kowloon and Kowloon Bay during rush hours will only take about five minutes.
- Preparing for investigation study and preliminary design of the Tuen Mun Western Bypass, with latest alignment connecting TM-CLKL and the Kong Sham Western Highway plus provision of a connection to Tsing Tin Road en route.
- Seeking funding approval from the LegCo to conduct the Feasibility Study on Route 11, which will tie in with the long-term development of Northwest New Territories including the Hung Shui Kiu New Development Area (HSK NDA) and Yuen Long South (YLS) Development, and provide a third strategic access to Lantau in addition to Tsing Ma Bridge and TM-CLKL.

- Seeking funding approval from the LegCo to conduct the Strategic Studies on Railways and Major Roads Beyond 2030, to formulate the preliminary layout of transport infrastructure required for the developments at Lantau, Northwest New Territories and North New Territories.

Public Transport

- Released the Public Transport Strategy Study (PTSS) report in June 2017, which examines the positioning of public transport services other than railway, aiming to enhance the existing strategic arrangements of our public transport services in tandem with the further development of the heavy rail network, and has also reviewed eight topical issues of wide concern. Some major policy recommendations are: (1) to increase the maximum seating capacity of public light buses to 19 seats; (2) to enhance personalised and point-to-point transport services to meet the needs of different passenger groups, including introducing a certain number of franchised taxis; (3) to enhance the carrying capacity of Light Rail through short, medium and long term measures, including purchasing new Light Rail Vehicles, rationalising some Light Rail routes to address the route-overlapping problem at busy junctions and improving the design of individual busy junctions, etc.; and (4) to pursue “Transport for all”, including the trial of low-floor light buses on three green minibus hospital routes, expected to commence in the second half of 2017.
- Announced in 2016 the provision of subsidies for franchised bus companies to expedite the installation of display panels for real-time bus arrival information and seats at bus stops. The target is to equip all suitable existing covered bus stops with display panels and/or seats by 2019-2020.
- Announced in 2017 the plan for upgrading existing covered public transport interchanges and ferry piers by improving their exterior design and enhancing their facilities.

- Announced in 2017 the provision of subsidies to the Hong Kong Tramways Limited to expedite the track replacement of key bends and junctions with the use of new technology, thereby reducing traffic impact arising from the works and making journeys more comfortable. The works for replacing about 2.4 kilometres of tracks are expected to be completed by 2020.
- The Government and MTRCL jointly conducted the first five-yearly review of the MTR Fare Adjustment Mechanism in 2013. On the Government's request, the second review was advanced by one year and completed in March 2017. Various measures were introduced after the two reviews to relieve passengers' fare burden.
- As at end-2016, section fares were available on some 70% (around 410 routes) of all franchised bus routes and there were over 390 bus-bus interchange concession schemes. From July 2017 onwards, the Kowloon Motor Bus will introduce various new fare concession initiatives and align the fares for short-haul trips on cross-district routes and shuttle bus routes.
- Continuing to provide Special Helping Measures to six major outlying island ferry routes, to relieve passengers' fare burden.
- MTRCL established the MTR Academy to train talents, thereby raising the quality of local and regional railway services, furthering local transport development, and seizing opportunities arising from railway operation and expansion among the Belt and Road countries.
- Adopted since 2013 the “Area Approach” for the rationalisation of franchised bus routes with a view to maximising overall benefits to the districts. Together with reorganisation items implemented under the annual Route Planning Programme, franchised bus operators cancelled or amalgamated a total of 31 routes with relatively low patronage between 2013 and 2016, and also truncated 14 routes and reduced the frequency of 279 routes. The daily volume of bus traffic along trunk roads in Mongkok, Central and Causeway Bay reduced by some 3 880 bus trips (around 12.9%), thereby alleviating congestion and reducing vehicle emissions.

- Adopting a multi-pronged approach in progressively taking forward the Transport Advisory Committee’s recommendations, including measures to control the growth of private car fleet size, made in its “Report on Study of Road Traffic Congestion in Hong Kong” conducted upon government invitation and submitted in 2014.
- Took over the Eastern Harbour Crossing as a Government tunnel in 2016, and preparing to take over the Tate’s Cairn Tunnel in July 2018.
- Commenced a study on the rationalisation of traffic distribution to alleviate traffic congestion among the three road harbour crossings and their connecting roads, and the three tunnels between Kowloon and Sha Tin in 2017, aiming to put forth toll adjustment proposals to the LegCo Panel on Transport within the 2017-18 legislative year.
- Conducted public engagement on the Electronic Road Pricing Pilot Scheme in Central and its Adjacent Areas from end 2015 to early 2016, and will commission a consultant for an in-depth feasibility study.
- Introduced into the LegCo in February 2017 legislative amendments to raise the fixed penalty charges for congestion-related traffic offences. The Police has also strengthened enforcement actions.
- To commence a parking review in 2017 with priority accorded to addressing the parking demand and supply of commercial vehicles.
- Launched the “Walk in HK” initiative in 2017 to enhance pedestrian networks, provide dedicated information and reduce the public’s reliance on motorised transport.
- Launched the new “Universal Accessibility” policy in 2012 to expand the programme to retrofit barrier-free access facilities at public walkways. As of end May 2017, 57 items were completed and the implementation of about 150 remaining items across 18 districts being pressed ahead. In addition, the 18 District Councils have been invited since December 2016 to further nominate not more than three existing walkways in each

district for implementation in the next phase of the programme.

- As of end June 2017, of the 18 ranked Hillside Escalator Links and Elevator Systems proposals, three are completed or partly completed, three are under construction and seven are at different stages of study and design.
- Completed ten pedestrian environment improvement measures in Yuen Long Town, such as widening of pedestrian crossings and footpaths and streetscape enhancement. For the proposed footbridge extending southward from West Rail Long Ping Station to Kau Yuk Road, detailed design is underway.
- Completed a consultancy study to improve the cycle track networks in new towns, and took forward the proposed improvement works (including provision of additional bicycle parking spaces and enhancement of safety at cycle tracks). Studying how to assist organisations to operate self-financing community bicycle rental services on a non-profit basis.

Maritime, Port and Logistics

- Established the Hong Kong Maritime and Port Board in 2016 to assist the Government in devising maritime and port-related strategies and initiatives to enhance Hong Kong's position as an international maritime centre. Additional resources allocated to strengthen overseas promotion work to attract renowned international maritime enterprises to set up in Hong Kong.
- Established the \$100-million Maritime and Aviation Training Fund in 2014 to encourage more young students and in-service practitioners to receive relevant technical training and undertake professional degree programmes for joining the maritime and aviation industries. As at March 2017, a total of \$26.47 million was approved under the Fund, benefiting over 3 000 students and in-service practitioners of the maritime and aviation sectors.
- Stepping up efforts in promoting Hong Kong's high value-added maritime services, including shipping agency and ship

management, ship broking, marine insurance, maritime law and arbitration, as well as ship finance. Organised 14 delegation visits to major maritime cities overseas and in the Mainland, including Athens, London, Hamburg, Qingdao, Shanghai and Ningbo, to encourage maritime enterprises to set up in Hong Kong and use our high value-added maritime services. In 2016, organised the first-ever Hong Kong Maritime Industry Week, which included the annual Asian Logistics and Maritime Conference, as a major maritime event in the region.

- On logistics, stepping up efforts in promoting Hong Kong as a preferred regional logistics hub.
- In 2014 and 2015, completed the “Study on the Strategic Development Plan for Hong Kong Port 2030” and a review of port back-up land in the vicinity of the Kwai Tsing Container Terminals (KTCTs) respectively, with a view to meeting the development needs of the port and logistics industries. Progressively taking forward improvement measures, including making available six port back-up sites totaling about 18 hectares for container terminal use in phases so as to expand terminal yard space and provide additional barge berths for enhancing cargo handling efficiency, as well as examining the feasibility of developing multi-storey port back-up facilities at suitable sites in the vicinity of KTCTs.
- Following the Lamma vessel collision incident, carried out a systemic reform of the Marine Department, improved the Department’s internal governance and manpower strategy, and enhanced marine safety through measures such as mandating by law the installation of equipment to ensure navigational safety in passenger vessels.

Aviation

- Commenced the construction of the Three-Runway System in 2016 at an estimated cost of \$141.5 billion. Works will take around eight years to complete.
- Discuss and implement optimisation measures for airspace

management in the PRD region with the Civil Aviation Administration of China and the Civil Aviation Authority of Macao SAR, with a view to progressively achieving the target runway capacity of 102 air traffic movements per hour in the long term under the Three-runway System operation at the HKIA. In 2016, an agreement on strengthening the collaboration and exchange mechanism was signed, to provide for regular meetings among the top management of the three sides and enhance cooperation on airspace management.

- Seven new Air Services Agreements¹ were signed in the past five years. Of the 67 Air Services Agreements² signed, 26 provide for unlimited capacity arrangements.
- The Airport Authority Hong Kong has established the Hong Kong International Aviation Academy to train local and regional air transport talents.

Housing

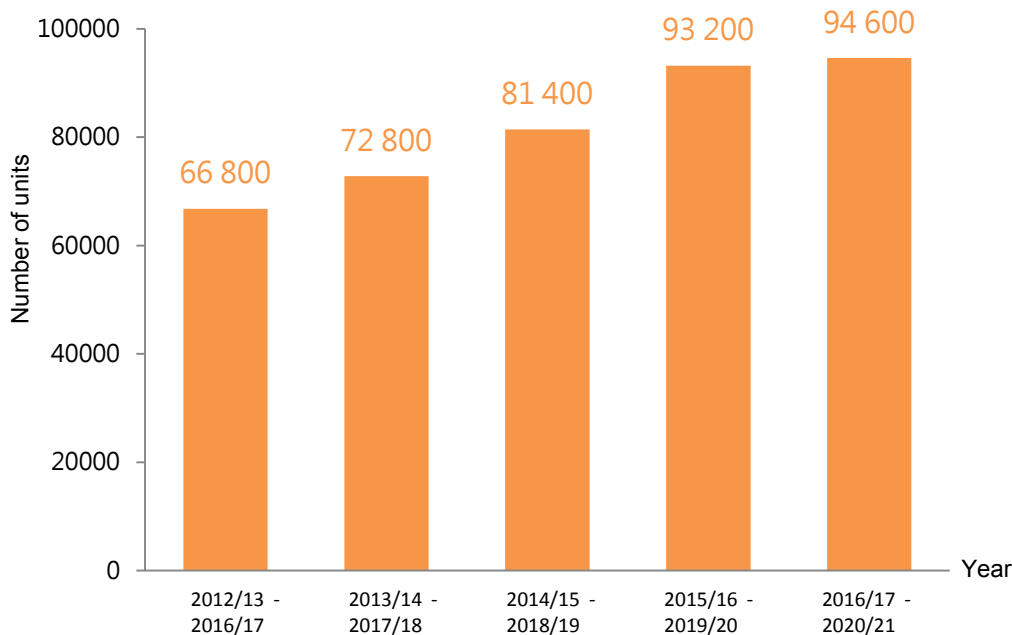
- Established the Long Term Housing Strategy (LTHS) Steering Committee in September 2012, which started public consultations in September 2013.
- Announced the LTHS in December 2014, which is the first long term strategic document on housing since 1998. The LTHS adopted the “supply-led” principle. Based on demand projection, presented a rolling ten-year housing supply target to serve as a planning guide for the Government.
- For the five-year period starting from 2016-17, the estimated total public housing production is about 94 600 units, including about 71 900 public rental housing (PRH) units and about 22 700 subsidised sale flats (SSFs). Such projected housing

¹ Seychelles, Madagascar, Barbados, Austria, Serbia, Malta and Spain.

² Including: Australia, Austria, Barbados, Bahrain, Bangladesh, Belgium, Brazil, Brunei, Cambodia, Canada, Croatia, the Czech Republic, Denmark, Estonia, Ethiopia, Fiji, Finland, France, Germany, Greece, Hungary, Iceland, India, Indonesia, Israel, Italy, Japan, Jordan, Kazakhstan, Kenya, Kuwait, Laos, Luxembourg, Madagascar, Maldives, Malta, Malaysia, Mauritius, Mexico, Mongolia, Myanmar, Nepal, the Netherlands, New Zealand, Norway, Pakistan, Papua New Guinea, the Philippines, the Republic of Korea, Oman, Qatar, Russia, Saudi Arabia, Serbia, Seychelles, Singapore, South Africa, Spain, Sri Lanka, Sweden, Switzerland, Thailand, Turkey, the United Arab Emirates, the UK, the USA and Vietnam.

production shows a steady increase as compared to the previous four five-year periods.

Projected total public housing production of the five-year period starting from 2016-17 as compared with the previous four five-year periods

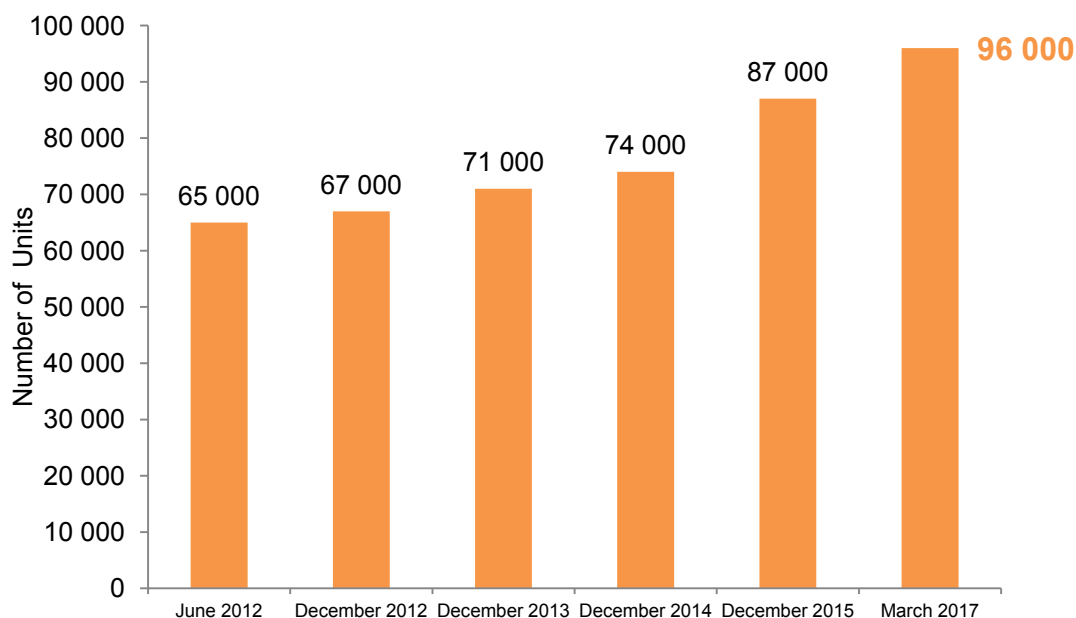


Note: The above comparison is based on the estimated public housing production as at March 2017.

- Compressing the planning and development programme. Without compromising site safety and construction quality, continuously enhancing the construction process by adopting prefabricated construction techniques to expedite the completion of public housing projects. Achievements are seen in the development programme on “spade-ready” sites.
- Increasing flat production of each public housing site through relaxation of development restrictions (e.g. plot ratio, building height) in an appropriate scale.
- With the continued rolling out of housing land, the medium-term supply of private housing has increased significantly. As at end-March 2017, the projected supply of first-hand residential properties for the coming three to four years is about 96 000

units, which is 48% higher than the figure at the beginning of the current-term Government, and also a record high since the first release of such quarterly statistics on supply in September 2004.

Projected supply of first-hand private residential properties for the coming three to four years



- Accords priority to local home ownership needs. Introduced several rounds of demand-side management measures including Buyer's Stamp Duty and the enhanced Special Stamp Duty, doubled ad valorem stamp duty and New Residential Stamp Duty. Effective in combating speculative activities, curbing external demand and reducing investment demand.
- Resumption of Home Ownership Scheme (HOS). The Hong Kong Housing Authority put up a total of 4 817 new HOS units for pre-sale in 2014 and 2016. In early 2017, the third batch of around 2 100 HOS flats was put up for pre-sale.
- The Hong Kong Housing Society also put up a total of 2 008 new SSFs for pre-sale in 2012 and 2016. By end-2017, a third batch of about 600 SSFs will be put for pre-sale.
- Launched two rounds of interim scheme in 2013 and 2015, with quotas of 5 000 and 2 500 respectively, to enable eligible White Form applicants to purchase SSFs in the Secondary Market

without payment of premium. Over 4 000 White Form applicants successfully purchased flats in the secondary market as a result.

- Launched the first Green Form Subsidised Home Ownership Pilot Scheme project in 2016 with flat prices set at a level lower than those of traditional HOS flats. All flats under the scheme were sold.
- Committed to supporting the Hong Kong Housing Authority financially by setting up the Housing Reserve in 2014. About \$77 billion has been set aside up to now.
- Fully implemented all enhancement measures recommended by the Hong Kong Housing Authority's Review Committee on Quality Assurance Issues Relating to Fresh Water Supply of Public Housing Estates after the "excess-lead-in-water" incident in 2015. The Commission of Inquiry into Excess Lead Found in Drinking Water supported the Hong Kong Housing Authority's enhancement measures.
- Examined ways to better utilise PRH resources from time to time in order to meet the increasing demand for PRH and to ensure that those with more pressing housing needs would be taken care of. The Hong Kong Housing Authority refined the Quota and Points System in 2014 to increase the chance for applicants aged 45 or above to be allocated with PRH. It also reviewed relevant policies from late 2016 to early 2017, including revising the "Well-off Tenants Policies", introducing a frozen period for general applicants currently living in PRH, and stepping up enforcement actions against tenancy abuse.

Land Development

- Established the Project Cost Management Office in June 2016, with an aim to strengthening construction cost management, improving project management performance and enhancing cost effectiveness.
- Continue to enhance the existing procurement procedures for public works projects aiming to lower costs, and closely scrutinise the estimates of projects at the planning and design stage to optimise designs and reduce costs under a “fitness for purpose and no frills” principle. Examined around 60 works projects so far and achieved savings of about \$13 billion in project costs.
- Identified some 210 potential housing sites through land use reviews for the short to medium term. Among them, 96 sites have been rezoned or allocated for housing development, capable of providing about 117 100 flats. Another 19 sites have their statutory rezoning procedures initiated and are estimated to provide a total of about 13 000 flats upon completion of the rezoning.
- Since the inauguration of the current-term Government and up to end-April 2017, the Town Planning Board has approved applications to relax the development intensity of 45 housing sites, leading to an additional supply of about 8 660 units.
- During the five-year period, the residential sites sold by the Government are capable to produce about 51 000 flats. Together with other supply sources (including railway property development projects, projects of the Urban Renewal Authority (URA) and private redevelopment/development projects), the aggregate private housing land supply in the past five years is estimated to be capable for providing about 95 860 flats, meeting the supply target set by the Government for the past five years.
- During the five-year period, the commercial, business and industrial sites sold by the Government are capable to provide over one million square metres of floor area. Large

commercial sites expected to be available for disposal in the coming few years are capable of providing additional 1.1 million square metres of floor area.

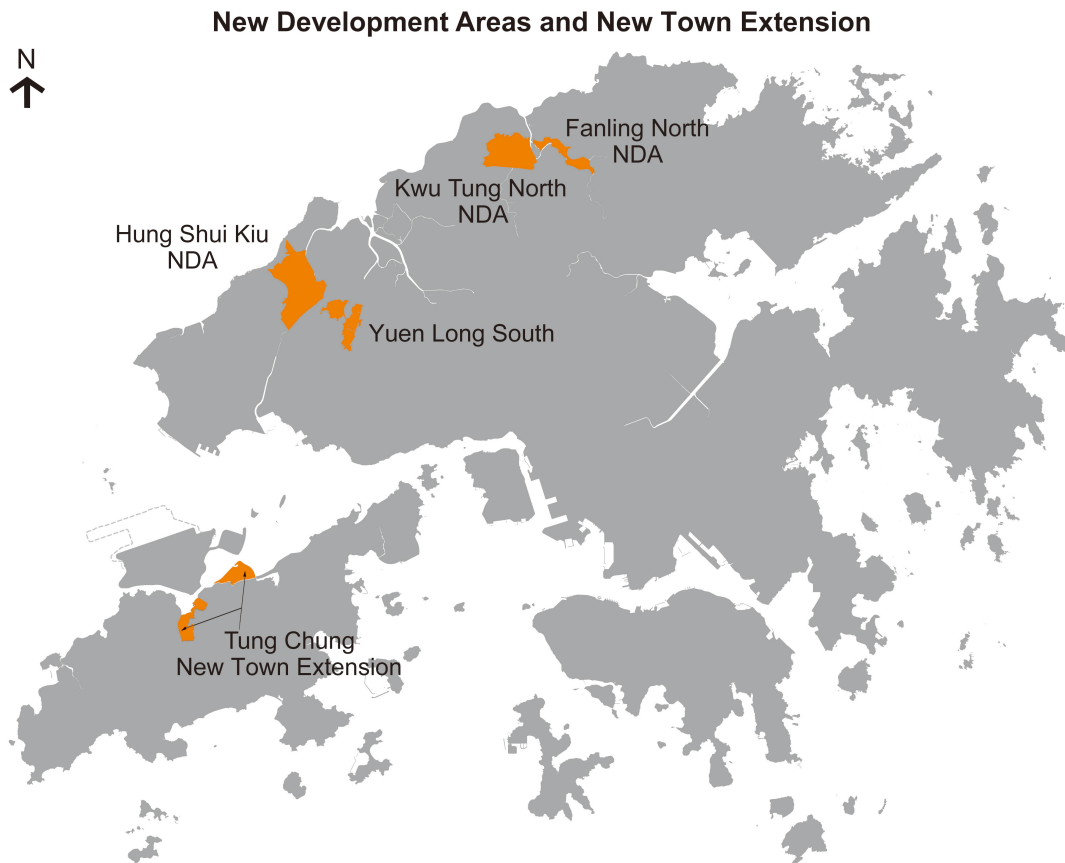
- Implementation of the Tung Chung New Town Extension project is in full steam, providing about 49 400 flats and floor space of about 877 000 square metres for office, retail and hotel uses, and creating about 40 000 job opportunities. The first population intake is expected in six years.
- Established the Lantau Development Advisory Committee in 2014. Proposed the strategic positioning and development directions for Lantau in 2016. The overarching direction is “development in the north, conservation for the south”. Having considered the views received during the public engagement exercise, we have formulated and just promulgated the “Sustainable Lantau Blueprint”.
- Implemented various local projects and short-term improvement measures for Lantau as scheduled, including the first phase relaxation measures for tour coaches and private cars to access the closed roads in South Lantau, road improvement works in South Lantau, improvement works for revitalisation of Tai O and Mui Wo, construction of mountain bike networks and the increase of parking spaces in South Lantau.
- Decided that the topside of the Hong Kong Boundary Crossing Facilities Island of HZMB should be utilised for commercial development and other economic uses. The total gross floor area could reach up to 500 000 m².
- After completion of the Stage 2 public engagement exercise for “Enhancing Land Supply Strategy – Reclamation outside Victoria Harbour and Rock Cavern Development” in 2014, technical studies on reclamations at Sunny Bay, Lung Kwu Tan and Ma Liu Shui were then commissioned and are nearing completion now. Preparations for the planning and engineering studies on reclamations at Sunny Bay, Lung Kwu Tan and Ma Liu Shui as well as the strategic studies on artificial islands in central waters for development of the East Lantau

Metropolis as the future strategic growth area of Hong Kong are actively underway.

- Completed a review to further increase the development intensity and enhance the site planning of the Kai Tak Development Area. As a result of the two-phase review, a total of about 16 000 additional residential flats and about 400 000 square metres of commercial floor area will be provided.
- Facilitating the transformation of Kowloon East into the second core business district. The commercial floor area increased from about 1.7 million m² in 2012 to about 2.3 million m².
- After reviewing the planning of the Kai Tak Development Area, and with the private redevelopment and conversion projects in the Kwun Tong and Kowloon Bay Business Areas, Kowloon East has a potential to provide about 4.7 million m² additional commercial floor area.
- Taking forward the “Kai Tak Fantasy” project for developing into a world-class tourism, leisure and entertainment hub. Tender for the Tourism Node development is planned to be invited within 2017.
- Completed the Stage 3 Community Engagement for the “Planning and Development Study on North East New Territories” in 2012. Announced the adoption of the Enhanced Conventional New Town Approach in 2013, with a view to developing the Kwun Tong North and Fanling North (KTN/FLN) NDAs into an extension of the Fanling/ Sheung Shui New Town. The Outline Zoning Plans were approved by the Executive Council in 2015. The KTN/FLN NDAs will provide about 60 000 flats, and the first population intake is expected in six years.
- Substantially completed the feasibility studies for relocating three government sewage treatment works and service reservoirs to caverns, and progressively started the respective public consultation on the relocation plans, including the development options for the 6 ha of land vacated. To continue with the site investigation and detailed design for the relocation

of Sha Tin Sewage Treatment Works to caverns.

- Completed Stage 1 of Public Engagement on the “Pilot Study on Underground Space Development (USD) in Selected Strategic Urban Areas (SUAs)” in early 2017. Formulating suitable conceptual schemes for USD for four SUAs, namely Tsim Sha Tsui West, Causeway Bay, Happy Valley and Admiralty/Wan Chai with due consideration to the views received.
- Striving to complete the Liantang/Heung Yuen Wai Boundary Control Point in 2018 with a view to providing a vital boundary crossing access between Hong Kong and Shenzhen on the eastern side.
- The HSK NDA will serve as a “Regional Economic and Civic Hub” for the Northwest New Territories to provide about 61 000 flats and create about 150 000 employment opportunities. In April 2017, the Government announced the adoption of the Enhanced Conventional New Town Approach to implement the HSK NDA. The first population intake is expected in seven years.
- The Government is preparing the Recommended Outline Development Plan for the YLS development taking into account the public views received. YLS will provide about 27 700 flats. According to the latest schedule, the first population intake is expected in ten years.



- Commenced the planning and engineering study for the re-planning of Tseung Kwan O Area 137 in end-2016 to explore how to make optimal use of the some 80 hectares of formed land for residential, commercial and other developments after accommodating the desalination plant.
- Developing some 340 hectares of brownfield sites concentrated in the northwestern and northern parts of the New Territories through comprehensive planning and development, while exploring feasible measures to accommodate brownfield operations in multi-storey buildings, taking HSK NDA as a pilot case. The comprehensive survey on the distribution, uses and operations of brownfield sites in the New Territories commenced in 2017. We continue to explore appropriate policies and measures to tackle brownfield sites in different areas, with the aim of optimising land utilisation and improving the rural environment.

- A total of 248 applications were received under the revitalisation scheme for industrial buildings. As at end-March 2017, 147 applications had been approved, involving about 1.69 million square metres of converted or new floor space.
- In the past five years, URA completed the tendering exercises for 17 redevelopment projects which would provide about 5 470 flats. URA has, since March 2016, commenced large-scale redevelopment projects / schemes in Kowloon City under a holistic and district-based approach. Apart from providing over 3 000 flats, these projects / schemes, which are tentatively scheduled for completion in 2025-26, will bring planning and community benefits and improve the local road networks in Kowloon City.
- URA commenced a district planning study for the Yau Ma Tei and Mong Kok districts on a pilot basis this year. The study aims to explore ways of enhancing the efficiency of existing land use and the redevelopment potential in the two districts. It will also serve as a basis for URA to formulate new strategies to implement, encourage, promote and facilitate urban renewal projects in other old districts.
- In 2016, URA put up 338 residential flats of its Kai Tak Development for sale as subsidised sale flats as a one-off measure, and about 96% of these flats have been sold.
- In 2014, URA completed reviewing and amending / refining the Demand-led Redevelopment Project (Pilot Scheme) and Facilitating Services (Pilot Scheme).
- In 2016, the URA launched the “Smart Tender” scheme to enhance the technical support for building owners, thereby minimising the risk of bid-rigging during building repair works. In 2017, the Government announced that it would use \$300 million to allow private building owners to participate in the scheme at a concessionary rate. It is expected that around 4 500 buildings can be benefited.
- Completed the amendment of the legislation to enhance the standards of new private buildings in 2015, thereby significantly easing the shortage of female sanitary fittings in public places.

- Over the past five years, our waterfront promenades have extended for around two kilometres at Quarry Bay, Tai Kok Tsui, Kai Tak and Kwun Tong.
- As at end of 2016, events that have taken place at the Central Harbourfront Event Space have attracted over four million of participants.
- In 2016, the two-stage public engagement exercise for the “Urban Design Study for the Wan Chai North and North Point Harbourfront Areas” was completed.
- Announced in 2017 to enhance its harbourfront enhancement initiatives before further looking into the proposal of establishing a statutory Harbourfront Authority. \$500 million has been set aside for the first phase of harbourfront development.
- The six-month public engagement for “Hong Kong 2030+: Towards a Planning Vision and Strategy Transcending 2030” was completed in end-April 2017. Our planning vision is for Hong Kong to continue to be a liveable, competitive and sustainable “Asia’s World City”. The updating of the territorial development strategy will be finalised taking into account the public views and findings of relevant technical assessments.

Poverty Alleviation, Elderly Care and Support for the Disadvantaged

- In 2013, launched the Old Age Living Allowance (OALA) (currently at \$2,565 per month). As at end-April 2017, there were about 450 000 recipients, accounting for about 40% of the elderly population.
- In 2016, launched the Low-income Working Family Allowance Scheme to support low-income working families that are not receiving assistance under the Comprehensive Social Security Assistance (CSSA) Scheme to encourage self-reliance.
- In 2012, reinstated the Commission on Poverty. In 2013, announced the first official poverty line.
- Poverty alleviation work continues to be effective. In 2015, the poor population was 970 000, staying below one million for the third consecutive year. The poverty rate of working households is at the lowest level since 2009 when data were first available.
- Starting from March 2015, the Government Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities was extended to Green Minibuses by phases.
- Recurrent expenditure on rehabilitation services increased by around 60% from \$4 billion to \$6.5 billion in five years' time.
- In the past five years, 27 new Community Care Fund (CCF) assistance programmes covering areas including medical, education, welfare and home affairs for different target beneficiary groups have been approved. The total commitment has exceeded \$5 billion. As at the end of May 2017, about 1.04 million person-times had benefited under 19 rolled-out programmes. Besides, 11 programmes have been incorporated into the Government's regular assistance programmes.

- There was an increase of over 1 100 residential rehabilitation service places and over 1 000 day care and vocational rehabilitation service places. In addition, 36 planned development projects are expected to provide an addition of over 2 500 residential care places, over 2 000 day care and vocational rehabilitation service places and over 1 600 pre-school rehabilitation service places.
- Since 2013, the maximum level of job attachment allowance for persons with disabilities has increased from \$3,750 to \$6,000 and that of job trial wage subsidy for employers of persons with disabilities has increased from \$18,000 to \$24,000. The maximum level of subsidy to employers of persons with disabilities under the “Work Orientation and Placement Scheme” has increased from \$24,000 to \$35,000.
- In 2014, the maximum level of subsidy for employers to procure a single assistive device for employees with disabilities increased from \$20,000 to \$40,000.
- Since 2015, the Labour Department has enhanced the post-placement follow-up service for job seekers with disabilities by extending the service period from three months to six months.
- In 2016, launched three pilot schemes to facilitate persons with disabilities to take up gainful employment: raising the maximum level of disregarded earnings for recipients with disabilities under the CSSA Scheme from \$2,500 to \$4,000 per month; providing an additional monthly subsidy of \$5,000 for Higher Disability Allowance recipients engaged in paid employment to hire carers; and engaging non-governmental organisation to help job-seekers with disabilities in need of counselling services.
- In 2017, injected an additional funding of \$100 million into the “Enhancing Employment of People with Disabilities through Small Enterprise Project” to create more employment opportunities for persons with disabilities.
- In 2015, launched the Pilot Scheme on On-site Pre-school Rehabilitation Service (the Pilot Scheme) to provide 2 925

service places to children with special needs who are studying in over 480 kindergartens and kindergarten-cum-child care centres. Announced in 2017 that the Pilot Scheme would be regularised to provide 7 000 service places in phases, involving an annual recurrent funding of \$460 million.

- In 2016, increased the training subsidy from \$3,867 per month to \$5,995 per month so that the training sessions for eligible child on the waiting list for special child care centres or residential special child care centres could be increased from four sessions per month to six sessions per month.
- In 2017, earmarked an annual recurrent funding of over \$118 million to provide a non-means-tested training subsidy for children on the relevant waiting list and to waive the service fees of special child care centres.
- Increased the recurrent funding of Integrated Community Centre for Mental Wellness from around \$190 million to over \$300 million in five years' time.
- Increased continuously manpower for subvented Parents / Relatives Resource Centre and service units like Long Stay Care Home to strength support for ex-mentally ill persons.
- In 2016, launched a two-year "Pilot Project on Peer Support Service in Community Psychiatric Service Units" and announced in 2017 that the pilot project will be regularised.
- In 2013, implemented various schemes to support persons with disabilities through the CCF, including the provision of special subsidy to persons with severe physical disabilities for renting respiratory support medical equipment and purchasing medical consumables related to respiratory support medical equipment. Regularised the relevant schemes in 2014.
- In 2016, implemented the "Pilot Scheme on Living Allowance for Low-income Carers of Persons with Disabilities" to provide carers of persons with disabilities in need with a monthly living allowance of \$2,000.
- In 2017, approved the introduction of a pilot scheme to provide a special subsidy for persons with permanent stoma from low-income families to purchase medical consumables.

- In 2017, announced commencing the work of formulating a new Rehabilitation Programme Plan after the Elderly Commission completed the formulation of the Elderly Services Programme Plan by making reference to the relevant experience. Earmarked a total of \$30 billion to strengthen elderly services and rehabilitation services for persons with disabilities, including putting forward initiatives to ensure the quality of residential care services; enhancing support for areas include pre-school training, residential care, day care and vocational rehabilitation services, community support, employment, barrier-free facilities and transport, etc.
- In 2017, approved three pilot medical schemes under the CCF to subsidise eligible patients suffering from rare diseases (such as patients of paroxysmal nocturnal haemoglobinuria) to purchase drugs; subsidise eligible public hospital patients to purchase specified implantable medical devices for interventional procedures; and subsidise eligible low-income women aged 25 or above to receive cervical cancer screening and preventable preventive education.
- Planned to increase a total of more than 480 residential child care places within the current-term Government.
- In 2015, announced an allocation of \$130 million to enhance child care services. Measures include increasing by phases from 2015-16 onwards the provision of Extended Hours Service by about 5 000 places at aided child care centres and kindergarten-cum-child care centres in districts with high demand, about 1 200 of which have been provided by phases since September 2015, as well as providing about 100 additional aided long full-day child care places in 2018-19 for children aged below three.
- In 2013, launched the Special Scheme on Privately Owned Sites for Welfare Uses to encourage non-governmental organisations (NGOs) to make better use of their sites through expansion, redevelopment or new development to provide or increase welfare facilities, in particular to increase elderly and rehabilitation service places. Transferred an additional \$10

billion to the Lotteries Fund in March 2014 to provide sufficient resources for the implementation of the Scheme. If all the projects are implemented smoothly, the expected provision of welfare services includes about 9 000 additional elderly service places and 8 000 additional rehabilitation service places.

- In 2015, injected \$400 million into the Partnership Fund for the Disadvantaged, with \$200 million dedicated to launching more after-school learning and support programmes for primary and secondary school students mainly from grassroots families. About 150 after-school learning and support projects were approved in the first two rounds of application, benefiting over 60 000 primary and secondary school students.
- In 2017-18, injected \$300 million into the Community Investment and Inclusion Fund through the Lotteries Fund to continue to support social capital development projects, and build up mutual help networks in the community through cross-sector collaboration.
- Starting from the 2014/15 school year, implemented the “Chinese Language Curriculum Second Language Learning Framework” in primary and secondary schools with an annual provision of about \$200 million earmarked for schools to step up the support for non-Chinese speaking students’ effective learning of the Chinese language and the creation of an inclusive learning environment in schools.
- As an initiative announced in the 2012-13 and 2013-14 Budgets, introduced a measure to allow post-secondary student loan borrowers to start repaying their student loans one year after completion of studies. The Government has regularised this measure as a standing arrangement since 2014.
- In the 2012/13 academic year, implemented a series of improvement measures, including lowering the interest rate of loans and extending the standard repayment period. For means-tested loans, the interest rate has been lowered from 2.5% to 1% per annum and the standard repayment period has also been extended from five years to 15 years. For non-means-tested loans, the risk-adjusted-factor rate has been

reduced from 1.5% to zero and the standard repayment period has also been extended from ten years to 15 years. At present, the risk-adjusted-factor rate is maintained at zero and the prevailing interest rate for non-means-tested loans is 1.132% per annum.

- Starting from the 2014/15 school year, enhanced the School-based After-school Learning and Support Programmes by increasing the annual provision to about \$240 million. In the 2016/17 school year, about 190 000 students would benefit from the Programmes.
- In the past years, supported students from low-income families through CCF assistance programmes. The total provision of all the programmes is about \$2.4 billion with about 900 000 beneficiaries. The assistance programmes in progress and to be implemented include:
 1. Providing hostel subsidy for needy undergraduate students (2014/15 to 2018/19 academic year): In the 2016/17 academic year, the maximum rate of hostel subsidy for each eligible student is \$8,790 a year. The total provision for the programme is \$194.7 million, benefiting about 6 000 students each year;
 2. Increasing the academic expenses grant under the financial assistance scheme for post-secondary students (2014/15 to 2018/19 academic year): In the 2016/17 academic year, the maximum rate of the enhanced academic expenses grant for each eligible student is \$2,190 a year. The total provision for the programme is \$176.95 million, benefiting over 20 000 students each year;
 3. Providing funding for ordinary schools to arrange special educational needs coordinators (2015/16 to 2017/18 academic year): A total of 124 schools (59 primary schools and 65 secondary schools) participated in the programme, benefiting about 10 220 students in the 2016/17 academic year;
 4. Enhancing the academic expenses grant for students with special educational needs and financial needs pursuing

post-secondary programmes: in the 2016/17 academic year, the maximum rate of the enhanced academic expenses grant for each eligible student is \$8,320 a year. The total provision for the programme is \$12.46 million, benefiting 128 students in the 2015/16 academic year;

5. Providing of a one-off grant for school-related expenses to kindergarten students in the 2016/17 school year: the maximum rate of the one-off grant for each eligible student is \$3,770. The total provision for the programme is \$157.65 million and the number of beneficiaries is about 40 000 students; and
 6. Providing subsidy for persons holding non-local qualifications to conduct qualifications assessment: Needy persons holding non-local qualifications will be subsidised to apply for qualifications assessment for general purpose conducted by the Hong Kong Council for Accreditation of Academic and Vocational Qualifications (as at April 2017, the fee is \$2,545). The three-year programme will be launched in September 2017 with a total funding provision of \$8.67 million. It is expected to benefit around 3 000 persons.
- Assistance programmes incorporated into the Government's regular assistance programmes or completed include:
 7. Providing subsidy to meet lunch expenses at whole-day primary schools for students from low-income families (Incorporated into the Government's regular assistance programme in the 2014/15 school year);
 8. Setting up of School-based Fund (Cross-boundary Learning Activities) (Completed in June 2014);
 9. Enhancing the flat rate grant under the School Textbook Assistance Scheme (Incorporated into the Government's regular assistance programme in the 2014/15 school year);
 10. Enhancing the financial assistance for needy students pursuing programmes below sub-degree level (Incorporated into the Government's regular assistance programme in the 2014/15 school year);

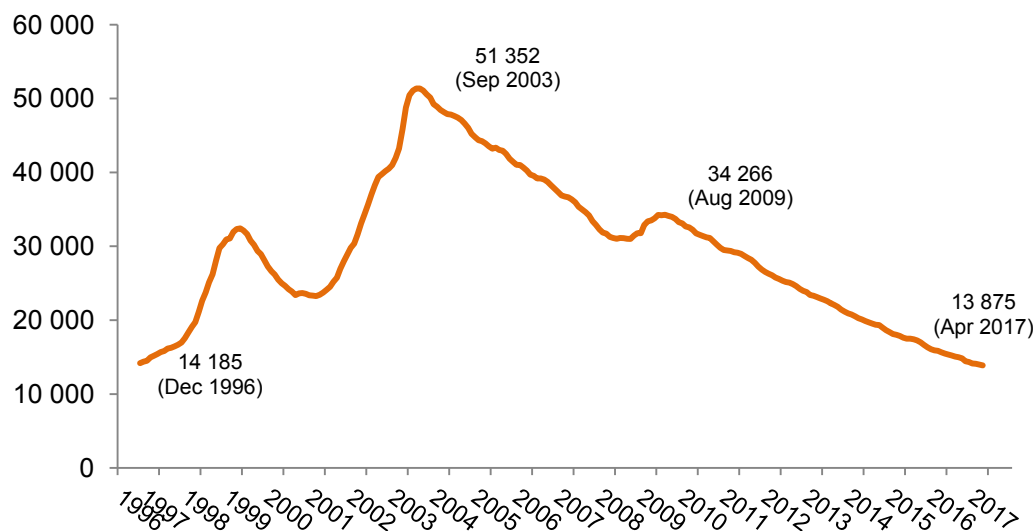
11. Providing extra travel subsidy for needy special school students (Incorporated into the Government's regular assistance programme in the 2015/16 school year);
 12. Implementing the after-school care pilot scheme (Completed in July 2016); and
 13. Providing of a one-off special subsidy for students on full grant under the School Textbook Assistance Scheme before the launch of the Low-income Working Family Allowance (LIFA) Scheme (a one-off programme launched in the 2015/16 school year before the implementation of LIFA).
- Starting from 2015, all bureaux and departments are required to apply gender mainstreaming in formulating major government policies and initiatives to ensure that women and men have equitable access to, and benefit from, society's resources and opportunities. In 2016, launched a pilot scheme to encourage NGOs in the social welfare sector to refer to the gender mainstreaming checklist and apply gender mainstreaming when formulating policies and programmes.
 - In 2016, established a Gender Focal Point network respectively among the social welfare sector and listed companies to further promote the concept of gender mainstreaming and to raise the understanding of gender-related issues among NGOs and private companies, following the setting up of such a network among Government bureaux/departments, and District Councils.
 - Starting from 2015, raised the appointment benchmark of women to Government advisory and statutory bodies from 30% to 35%.
 - In the past five years, increased the Government's recurrent welfare expenditure on elderly services (excluding financial assistance under social security) from around \$5 billion to around \$7.8 billion, representing an increase by over 55%.
 - In the past five years, increased about 2 000 subsidised residential care places for the elderly, about 500 day care places for the elderly and 1 666 home care places. In addition,

planned for the provision of new contract residential care homes and day care centres/units for the elderly under 27 development projects to provide about 2 370 additional residential care places for the elderly (including subsidised and non-subsidised places) and about 880 additional day care places for the elderly.

- In 2013, launched the First Phase of the Pilot Scheme on Community Care Service Voucher for the Elderly, enabling elderly persons to choose community care services that best suit their individual needs under the “money-following-the-user” approach. In 2016, rolled out the Second Phase of the Pilot Scheme and extended it to all 18 districts in the territory, with a total of 3 000 vouchers. Announced in 2017 that an additional 2 000 vouchers would be provided under the Pilot Scheme, making a total of 5 000 vouchers.
- In 2014, launched the Pilot Scheme on Living Allowance for Carers of Elderly Persons from Low Income Families to provide a living allowance for carers from low-income families who take care of their frail elderly members at home. In 2016, rolled out Phase II of the Pilot Scheme. Two phases of the Scheme will benefit a total of 4 000 recipients. The whole Scheme involves a funding of about \$310 million.
- In 2014, launched the Pilot Residential Care Services Scheme in Guangdong to purchase residential care places at two elderly homes located in Guangdong Province and run by Hong Kong NGOs, allowing elderly persons who are waiting for subsidised care-and-attention places to choose to live in the two homes. Announced in 2017 that the Pilot Scheme would be extended for three years.
- In 2017, launched the Pilot Scheme on Residential Care Service Voucher for the Elderly, under the “money-following-the-user” approach, to offer elderly persons in need of residential care service an additional choice and provide an incentive for residential care homes to improve their services. Under the Pilot Scheme, a total of 3 000 vouchers will be issued from 2017 to 2019 in phases.

- The number of CSSA cases continues to decrease during the current-term Government. At end-April 2017, the number dropped back to the level at the end of 2001. The number of unemployment cases under the CSSA Scheme (13 875) has decreased for 92 consecutive months to a 20-year low, with a drop of over 70% from its peak.
- In 2013, implemented the Guangdong Scheme to provide monthly Old Age Allowance (OAA) (currently at \$1,325 per month) for eligible elderly persons who choose to reside in Guangdong Province. As at end-April 2017, there were about 15 000 recipients.
- In 2017, announced once again exempting under the Guangdong Scheme, on a one-off basis for a one-year period, eligible elderly persons from the requirement of having resided in Hong Kong for at least one year immediately before the date of application.
- In 2017, announced the introduction of the Fujian Scheme to provide monthly OAA for eligible elderly persons who choose to reside in Fujian Province.

Number of CSSA Unemployment Cases



- The number of CSSA unemployment cases as at April 2017 was 13 875, representing a decrease for 92 consecutive months since August 2009 (34 266 cases)
- The caseload dropped by over 70% from its peak of 51 372 cases in September 2003
- Lowest caseload in 20 years (since December 1996 with 14 185 cases)

- In 2017, proposed a host of concrete measures to strengthen various pillars for comprehensive enhancement of the retirement protection system, including:
 1. Enhancing the OALA to strengthen the support of the social security pillar for elderly persons in two respects: adding a higher tier of assistance for elderly persons with more financial needs by providing a higher monthly allowance of \$3,435 per person, which is about one-third higher than the existing rate; and relaxing the asset limits for the existing allowance to benefit more elderly persons with financial needs. It is estimated that around 500 000 elderly persons will benefit from these two measures in the first year of full implementation, and the coverage of OALA will increase from 37% to 47%;
 2. Putting forth a concrete proposal for abolishing progressively the arrangement for “offsetting” severance payment or long service payment with employer’s MPF contributions so as to preserve the accrued benefits of employer’s MPF contributions in the employees’ MPF accounts for retirement, and conducted consultations with major stakeholders;
 3. Exploring the development of eMPF, a centralised electronic platform. The working group under the Financial Services and the Treasury Bureau, members of which include representatives of both the MPF Schemes Authority and the industry, would explore viable solutions with reference to overseas experiences, with a view to devising an electronic MPF management platform which will enhance administrative efficiency and directly benefit scheme members;
 4. To further meet the medical needs of elderly persons and reduce their medical expenses, providing free public healthcare services to OALA recipients of older age and with more financial needs (i.e. elderly persons aged 75 or above and receiving the higher tier of OALA assistance) and benefiting 140 000 elderly persons; and

5. Lowering the eligibility age of the Elderly Health Care Vouchers from 70 to 65. Additional 400 000 elderly persons expected to be benefited in the first year of implementing the enhanced measure.
- Raised the amounts of over ten compensation items under the Employees' Compensation Ordinance, the Pneumoconiosis and Mesothelioma (Compensation) Ordinance and the Occupational Deafness (Compensation) Ordinance thrice in 2012, 2015 and 2017 to afford better statutory protection for tens of thousands of eligible persons.
 - In 2013, enhanced the Work Incentive Transport Subsidy Scheme to enable applicants to choose between individual-based or household-based application. So far, more than 110 000 low-income earners have been granted subsidies.
 - Laid down a general framework for guiding future formulation of our working hours policy on the basis of the recommendations of the Standard Working Hours Committee. This includes adopting a legislative approach to mandate employers to enter into written employment contracts with working hours and overtime (OT) compensation terms for the lower-income grassroots employees, and providing these employees with OT compensation by way of OT pay at a rate no less than the rate of the agreed wages or the equivalent time-off in lieu. This could serve as a useful first step in enhancing the transparency of the working hours terms and putting in place appropriate and fair OT compensation arrangements.
 - Increased the Statutory Minimum Wage rate thrice in 2013, 2015 and 2017.
 - In 2015, implemented the three-day paid statutory paternity leave. Tens of thousands of employees are estimated to have enjoyed this benefit every year.
 - In 2013, 2015 and 2016, established new Working Holiday Scheme (WHS) arrangements with four economies respectively and increased quota of the other existing WHS arrangements. As at today, more than 78 000 Hong Kong

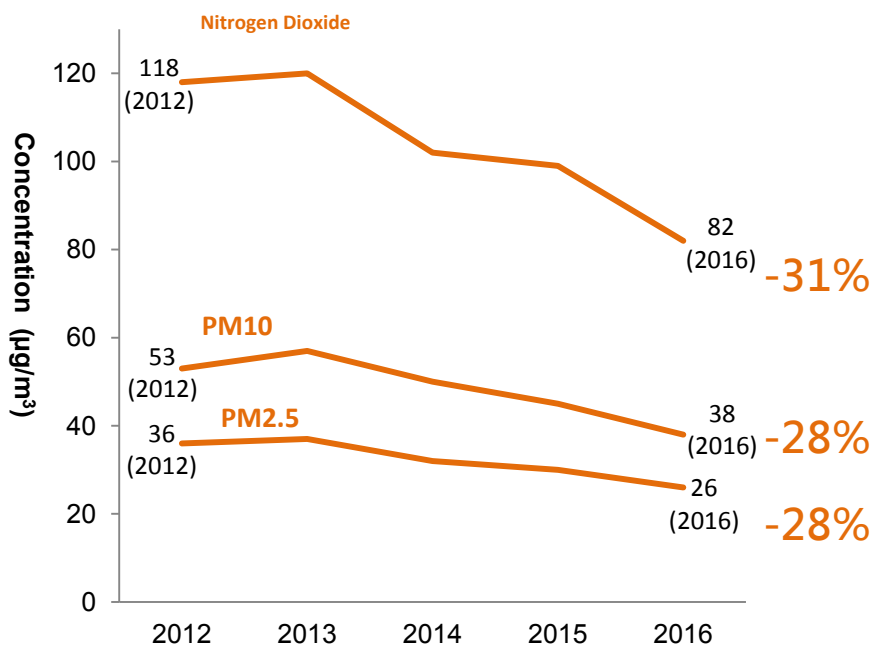
youths participated in the WHS.

- In 2014, injected \$15 billion into the Employees Retraining Board (ERB) to support its services and operation on a long-term basis. In the past five years, ERB provided around 130 000 training places every year.
- In 2017, announced that an additional \$1.5 billion would be injected into the Continuing Education Fund, and measures of enhancing the Fund would also be considered.

Environmental Protection and Conservation

- Published “A Clean Air Plan for Hong Kong” in 2013 and took forward a series of comprehensive air quality improvement measures. Over the past five years, the levels of major air pollutants have reduced by about 30%.

Roadside Air Quality



- Introduced an Air Quality Health Index in 2013 to reflect health risks posed by air pollution in Hong Kong.
- Implemented a set of new Air Quality Objectives in 2014 and introduced a statutory mechanism to review at least once every five years. The first review has started in May 2016.
- Launched an incentive-cum-regulatory scheme in 2014 to progressively phase out by end 2019 some 82 000 pre-Euro IV diesel commercial vehicles (DCVs). As at the end of April 2017, over 52 000 DCVs have been phased out.

- Effected the Air Pollution Control (Ocean Going Vessels) (Fuel at Berth) Regulation in 2015 which mandates ocean going vessels while berthing in Hong Kong to switch to fuel with a sulphur content not exceeding 0.5%. Hong Kong was the first city in Asia to implement such legislation.
- Extended the Cleaner Production Partnership Programme for five years in 2015; with more than 800 projects subsidised between July 2012 and March 2017. The Programme has continued to facilitate Hong Kong enterprises in the region to enhance energy efficiency and reduce emission of pollutants, thereby improving regional air quality.
- Agreed with the Guangdong Province in November 2012 the air pollutant emission reduction targets for 2015 and reduction ranges for 2020. Both Governments of Hong Kong and Guangdong are conducting a mid-term review to take stock of the 2015 emission reductions and finalise the 2020 emission reduction targets. The review is expected to be completed within this year.
- Signed a Cooperation Agreement with the Maritime Safety Administration of the Ministry of Transport in 2016 to jointly push forward the establishment of a Domestic Emission Control Area (DECA) in the PRD region. The aim is to require all vessels within the DECA to use fuel with a sulphur content not exceeding 0.5% from 1 January 2019 with a view to further improving air quality in the PRD region.
- Published the “Hong Kong: Blueprint for Sustainable Use of Resources 2013-2014” and “A Food Waste & Yard Waste Plan for Hong Kong 2014-2022” in 2013 and 2014 respectively, to set out the targets, strategies and action timetable on waste management for the next 10 years.
- Accepted the implementation framework proposed by the Council for the Sustainable Development in 2014 and have been actively undertaking the preparatory work for introducing quantity-based municipal solid waste charging. The Environment and Conservation Fund has approved \$33 million for conducting relevant community involvement projects. We

plan to introduce the enabling legislation into the LegCo later this year.

- To advocate green and lean official entertainment functions, as well as to promote a food wise culture and sustainable consumption of biological resources, the Government encourages adoption of simple, inexpensive and sustainability-conscious menus, with the number of main dishes limited to six or below and prohibiting consumption of shark's fins, bluefin tuna and black moss in such functions. In addition, the Government takes the lead to promote the "use less, waste less" culture by encouraging the use of recyclable materials as far as possible during meetings and official events, avoiding the use of corsages, excessive decorations, disposable containers, tableware and bottled water, and ensuring proper recycling of materials. As far as possible, officials will decline souvenirs and corsages when attending events.
- Plastic Shopping Bag (PSB) Charging was fully implemented in 2015, which is estimated to have further reduced PSB disposal by 25%.
- Implemented two producer responsibility schemes on waste electrical and electronic equipment and glass beverage containers by phases in 2017 and 2018.
- Adjusted the construction waste disposal charges in 2017 to strengthen the economic incentive for waste reduction.
- Launched the Food Wise Hong Kong Campaign in 2013 to promote the food wise culture through the mascot "Big Waster", as well as the Food Wise Eateries Scheme in 2015 to encourage the food and beverage sector to offer the choice of portioned meals to customers.
- Environment and Conservation Fund has been funding surplus food recovery projects since 2014.
- Since 2013, Community Green Stations (CGSs) have been progressively developed in each of the 18 districts to promote environmental education and support recycling at the community level. CGSs in Sha Tin, Eastern District, Kwun

Tong and Yuen Long have commenced operation, whereas the project in Sham Shui Po will soon commence service.

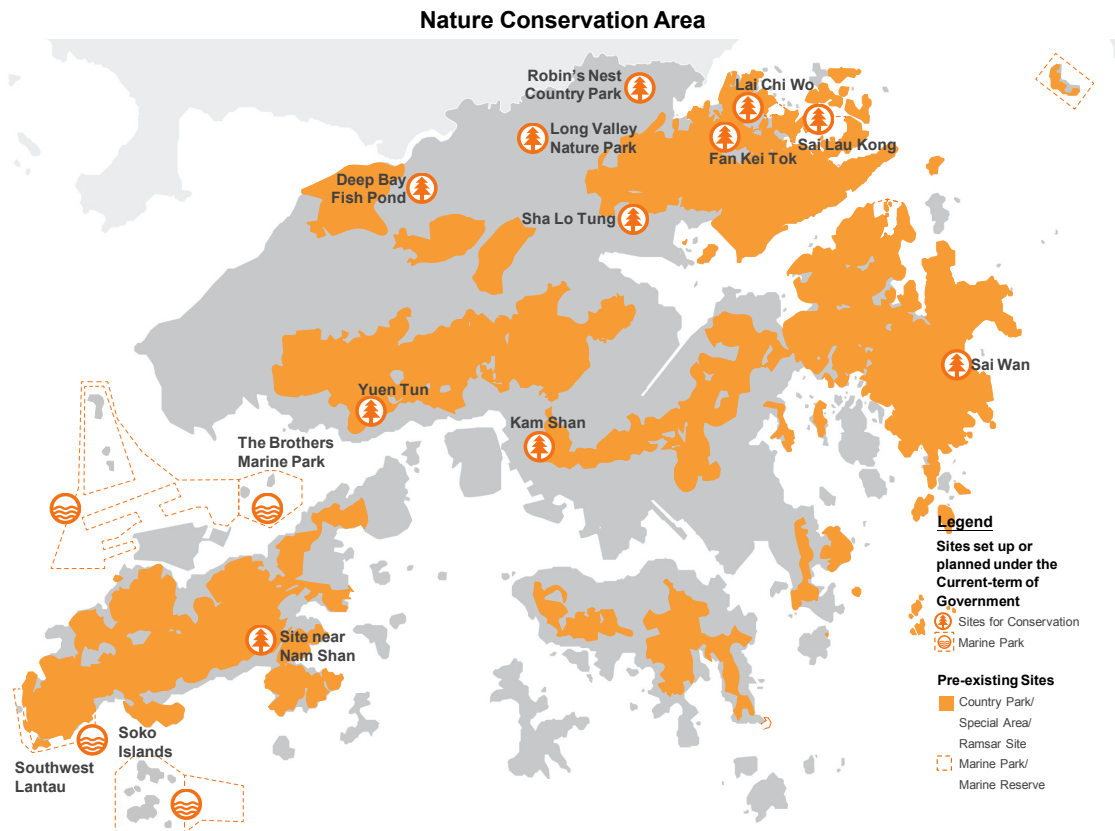
- Good progress made on waste management facilities.



- In 2016, T·PARK, the first major waste-to-energy facility located in Tuen Mun, came into full operation.
- WEEE·PARK (Waste Electrical and Electronic Equipment Treatment and Recycling Facility) in EcoPark in Tuen Mun will commence operation in the second half of 2017.
- Phase 1 of the Organic Resource Recovery Centre is expected to commence operation by end of 2017. The tender for Phase 2 commenced in December 2016.
- Launched the \$1 billion Recycling Fund in 2015 to promote the sustainable development of the recycling industry. As at end of March 2017, a total of 85 applications have been approved, involving a total funding of over \$70 million.
- Launched the \$1 billion Restored Landfill Revitalisation Funding Scheme in 2014 to fund the development of

recreational facilities or other innovative proposals at the restored landfills.

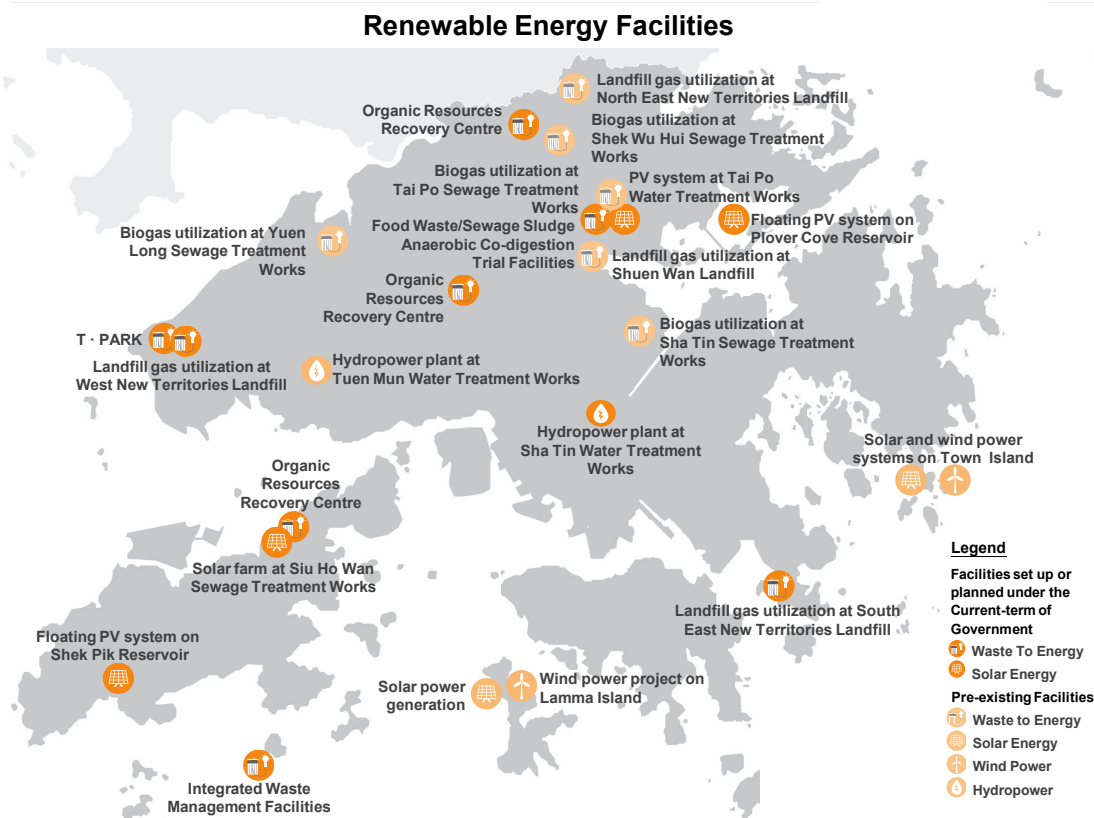
- In 2013, about 38 hectares of land in the country park enclaves at Sai Wan, Kam Shan and Yuen Tun were incorporated into country parks.
- Commenced in 2015 the statutory procedures to incorporate the enclaves at Fan Kei Tok, Sai Lau Kong and a site near Nam Shan into country parks. The statutory procedures are expected to be completed in 2017.
- Commenced in early 2017 the preparatory work to designate about 500 hectares of Government land at Robin's Nest as country park. The statutory procedures are expected to be completed by 2020.
- The Brothers Marine Park was designated in 2016.
- To promote the revitalisation of remote rural areas, a preparatory committee for the establishment of the conservation fund is planned to be set up in the second half of 2017.
- In June 2017, an in-principle agreement was given to a non-in-situ land exchange for the private land with high ecological significance at Sha Lo Tung by offering the Shuen Wan Restored Landfill in Tai Po, for the long-term conservation of Sha Lo Tung. The relevant private developer will have to obtain all necessary approvals from relevant Government departments and bodies in accordance with statutory requirements and established mechanisms.



- Announced in 2016 that the Government would introduce a bill to phase out the local trade of ivory and to increase the penalty on smuggling and illegal trading of endangered species. The enabling bill was introduced into the LegCo in June 2017.
- Promulgated in 2016 the first city-level Biodiversity Strategy and Action Plan for Hong Kong, and allocated \$150 million for implementing the initiatives.
- A public consultation was conducted in 2015 on the development of the electricity market after the current Scheme of Control Agreements (SCAs) with the two power companies expire in 2018. New SCAs were signed with the power companies in April 2017 with terms including a reduced rate of return from 9.99% under the current SCAs to 8%; a duration of about 15 years until end 2033 so as to incentivise the power companies to make long term investments to replace the retiring coal plants; introduction of mechanism to further promote energy efficiency and conservation as well as the development of renewable energy; introduction of mechanism

to reflect the actual fuel costs in a more timely manner; improvements to the incentive/penalty schemes to encourage the power companies to further improve their operational performance, etc.

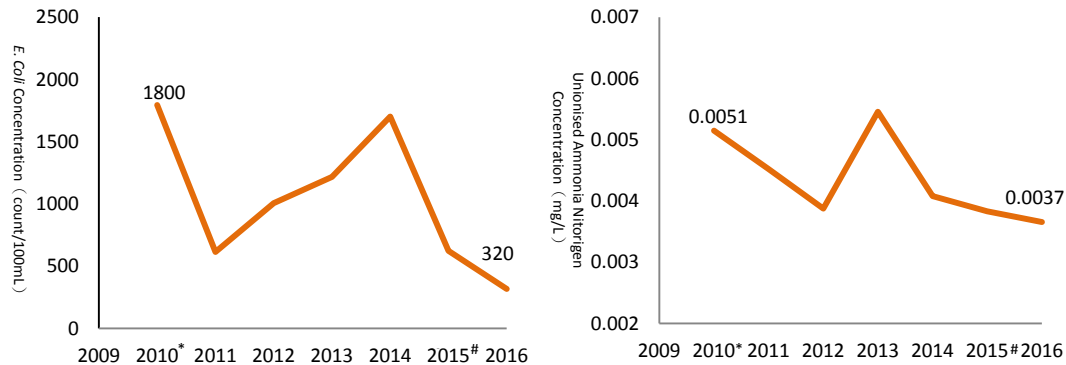
- The “Energy Saving Plan for Hong Kong’s Built Environment 2015 ~ 2025+” was published in 2015. It sets the new target of reducing energy intensity by 40% by 2025 using 2005 as the base.
- Launched the “Hong Kong Climate Change Report 2015” in 2015. The Steering Committee on Climate Change was established under the chairmanship of the Chief Secretary for Administration in 2016 and released in January 2017 “Hong Kong’s Climate Action Plan 2030+”, setting out a new carbon emission reduction target to reduce our carbon intensity by 65%-70% compared with the 2005 level by 2030 (which is equivalent to an absolute reduction of 26%-36%). This is equivalent to a reduction of the per capita carbon emission from 6.2 tonnes in recent years to 3.3-3.8 tonnes.
- The Buildings Energy Efficiency Ordinance came into full operation in September 2012. The standards were tightened in 2015 to bring about a 10% improvement in energy efficiency.
- The grading standards under the Mandatory Energy Efficiency Labelling Scheme (MEELS) were upgraded in 2015. Amendments to the Energy Efficiency (Labelling of Products) Ordinance were proposed in 2017 to extend the scope of MEELS to cover more electrical products.



- Introduced the Energy Saving Charter on No Incandescent Light Bulbs in 2013. The “Energy Saving for All” Campaign together with the Energy Saving Charter (including maintaining an average indoor temperature between 24°C and 26°C during mid-summer) was launched in 2015 to encourage different sectors of the community and the general public to save energy. In 2017, we launched the 4Ts Charter to encourage people to set their energy saving targets and timelines and to share their energy saving measures under the 4Ts framework, i.e. target, timeline, transparency and together.
- Launched the first-ever Charter on External Lighting in 2016. Over 4 800 properties and shops have pledged to switch off lighting installations with decorative, promotional or advertising purposes which affect the outdoor environment during the preset times.
- The Harbour Area Treatment Scheme Stage 2A was fully commissioned in end 2015. All the sewage in the Victoria Harbour catchment is transported to the Stonecutters Island Sewage Treatment Works for centralised treatment, which

largely improves the water quality of the Victoria Harbour.

Improving Water Quality of Victoria Harbour



- * Advanced Disinfection Facilities of Harbour Area Treatment Scheme Stage 2A commissioned in March 2010
- # Full commissioning of Harbour Area Treatment Scheme Stage 2A

- Commissioned a two-year consultancy study on ways to deal with the pollution and odour problem caused by the discharge of residual pollutants to the urban coastal waters in 2016. Subject to the allocation of resources, we will construct dry weather flow interceptors and rehabilitate trunk sewers in Kowloon and Tsuen Wan to reduce the residual pollutants in the near shore of the Victoria Harbour as soon as possible.
- In 2014, completed the Policy Review on Conservation of Built Heritage, and in 2016 earmarked \$500 million for the setting up of the Built Heritage Conservation Fund.
- Launched Batch IV and Batch V of the Revitalising Historic Buildings Through Partnership Scheme.
- Promulgated the Handbook on Tree Management in 2016 to provide private property owners and property management companies with guidelines and standards of good practice on tree management. The handbook will be incorporated into the Code of Practice on Building Management & Maintenance under the Building Management Ordinance (Cap. 344) to further raise the awareness of responsibility on tree management among private property owners and property management companies.

Innovation and Technology

- Established the Innovation and Technology Bureau in November 2015, invested an additional \$18 billion and further reserved \$10 billion to promote innovation and technology (I&T) development on multiple fronts. They include driving “re-industrialisation”, supporting start-ups, helping SMEs upgrade and transform, encouraging the use of technology in improving daily living, and nurturing talents. The I&T ecosystem has been significantly enhanced, with world-class research institutions, enterprises, venture capital funds establishing their presence in Hong Kong, and an increase in public awareness and interest on I&T.
- Promoting scientific research collaboration in key areas between Hong Kong and the Mainland. In July 2013, the Government and Ministry of Science and Technology completed the second round application for Partner State Key Laboratories (PSKLs). The number of PSKLs in Hong Kong increased from 12 to 16.
- In 2014, commenced the first round of application for Hong Kong Branches of Chinese National Engineering Research Centres (CNERCs), fully open to universities and R&D Centres in Hong Kong. The number of Hong Kong Branches of CNERCs increased from one to six.
- In 2014, completed a full review of the Innovation and Technology Fund, and a series of improvement measures were implemented in phases in 2014-15 to foster R&D investment by the private sector, commercialisation of R&D outcomes and application of R&D outcomes in public sector organisations, etc.
- In 2015, announced the establishment of the Advisory Committee on Innovation and Technology. The Committee reviewed the existing strategies, and drew up a set of specific recommendations with clear key performance indicators in the key areas critical for I&T development, including infrastructure, matching of capital and expertise, and nurturing of I&T talent.

- In 2015, announced the new Industrial Estate policy to promote smart production, attract high value-added technology industries and high value-added manufacturing processes.
- In 2016, announced multiple measures including the setting up of the \$2 billion Midstream Research Programme for Universities, \$2 billion Innovation and Technology Venture Fund, \$500 million Innovation and Technology Fund for Better Living, and the Cyberport Macro Fund.
- In 2016, announced the introduction of the \$500 million Technology Voucher Programme, enhancement of the R&D Cash Rebate Scheme, Internship Programme and Public Sector Trial Scheme (the first scheme enhanced with immediate effect), and supporting the Hong Kong Science and Technology Parks Corporation (HKSTPC) in conducting the Science Park Expansion Programme Stage 1 and building an Advanced Manufacturing Centre and a Data Technology Hub in the Tseung Kwan O Industrial Estate, with a total estimated development cost of \$12.6 billion.
- In 2016, owners of industrial buildings were allowed to apply to the Lands Department, with exemption of fee, for waiving the user restrictions in the lease to allow testing and calibration laboratories to operate in industrial buildings, helping the testing and certification industry to identify appropriate locations for operation.
- In 2016, extended the concessionary measures to encourage the development of data centres by conversion of old existing industrial buildings and lease modification of industrial lots, and streamlined the procedure for issuing waivers for change of use of industrial buildings to meet industry needs.
- In 2016, the three-phase development of the Science Park was completed, with the total gross floor area increased to 330 000 m².
- In 2016, the inaugural Internet Economy Summit was held to explore the development directions and strategies for the future internet economy and provide a platform for exchange in I&T trends.

- In 2016, doubled the quota of the Cyberport Incubation Programme. New clusters on Fintech and e-commerce were formed to cater for the latest developments in the industry and market, and a dedicated programme for Fintech was introduced. In August 2016, the Cyberport Macro Fund was established to help Cyberport start-ups in raising capital and promote the development of venture and angel investment in Hong Kong. In December 2016, the small-scale workstations and office space of SmartSpace were increased by 60%.
- In 2016, launched the “Wi-Fi Connected City” programme to expand the coverage of “Wi-Fi.HK” hotspots through various means, with the aim of reaching 34 000 hotspots by 2019.
- In 2016, commissioned a consultant to formulate a blueprint for developing Hong Kong into a smart city, making use of I&T to enhance city management and improve the people’s quality of life, thereby supporting the sustainable development of Hong Kong. The consultancy study will be completed in mid-2017.
- In 2016, launched the \$500 million Technology Voucher Programme to subsidise SMEs in using technological services and solutions to enhance their productivity, or to upgrade or transform their business processes.
- In 2016, extended the Internship Programme to cover incubatees and SME tenants of HKSTPC and Cyberport to subsidise enterprises in hiring local graduates as research interns.
- In 2016, extended the Public Sector Trial Scheme to cover incubatees of HKSTPC and Cyberport, providing subsidy of up to \$1 million for the production of prototypes and samples and trial of R&D outcomes in public sector organisations.
- In 2016, launched the Midstream Research Programme for Universities to encourage universities to conduct more theme-based midstream research in key technology areas for further downstream research or product development.
- In 2016, a number of world leading R&D institutions came to Hong Kong one after another, including: launching of its first overseas Innovation Node in Hong Kong by the Massachusetts

Institute of Technology of the United States; setting up of its first overseas research facility in the Science Park by the Karolinska Institutet of Sweden; and the announcement of setting up of a “Guangzhou Hong Kong Stem Cell and Regenerative Medicine Research Centre” in the Science Park by the Guangzhou Institutes of Biomedicine and Health under the Chinese Academy of Sciences.

- In 2017, the ownership problem of the Lok Ma Chau Loop, which was overdue for 20 years, was resolved by signing the “Memorandum of Understanding on Jointly Developing the Lok Ma Chau Loop by Hong Kong and Shenzhen” with the Shenzhen Municipal People’s Government. Both parties agreed to jointly develop the Lok Ma Chau Loop into a “Hong Kong-Shenzhen Innovation and Technology Park” by setting up a key base for scientific research with the inclusion of relevant higher education, cultural, creative facilities alongside other ancillary facilities.



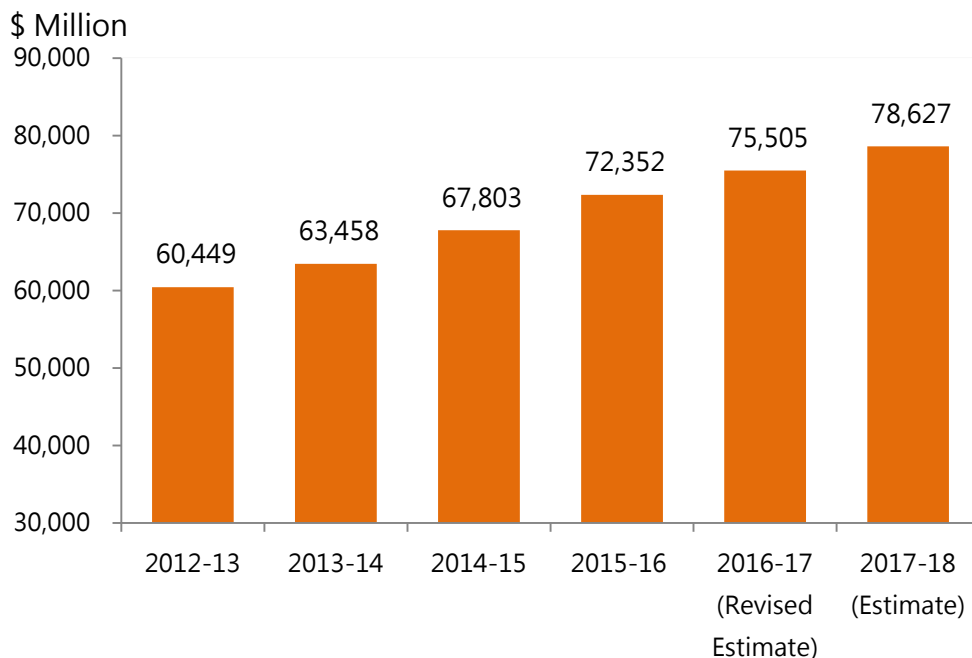
- In 2017, announced that support would be rendered to HKSTPC for building an InnoCell next to the Science Park to provide accommodation-cum-ancillary offices for rental to tenants and incubatees at the Science Park. The Hong Kong Productivity Council was also commissioned to set up an Inno Space to provide workspace and technical support to start-up entrepreneurs, secondary or university students and graduates, etc., in order to assist them in developing innovative ideas into industrial design, which may subsequently be translated into products through prototyping.
- In 2017, announced that Cyberport would be invited to explore the latest technology and product development of e-commerce, the Committee on Innovation, Technology and Re-industrialisation would be set up, and \$10 billion would be set aside to support I&T development of Hong Kong.
- In 2017, launched the \$500 million Innovation and Technology Fund for Better Living to subsidise projects that improve the people's daily living through application of I&T.
- In 2017, launched the \$2 billion Innovation and Technology Venture Fund to co-invest with venture capital funds in I&T start-ups in Hong Kong on an approximately 1:2 matching ratio.
- Since 2012, award schemes and outreach programmes have been launched to encourage the elderly to use ICT, with over 5 000 senior citizens participating; 17 digital inclusion mobile applications for free use by groups of special needs have been funded, with over 105 000 total downloads.

Education and Youth Development

Education

- Invested heavily in education. The recurrent expenditure has increased by 30% in the past five years.

Recurrent Education Expenditure



- At present, 45% of the relevant age cohort pursues degree programmes, representing an increase of around 15 percentage points as compared with five years ago. Participation rate of publicly-funded degree programmes has also increased from 21% to 28%.
- Implemented the Study Subsidy Scheme for Designated Professions/Sectors on a pilot basis for three cohorts since the 2015/16 academic year to subsidise about 1 000 students per cohort to pursue designated self-financing undergraduate programmes. It was announced in 2017 that the scheme would be regularised from the 2018/19 academic year with an

increased number of subsidised places to about 3 000 per cohort. It is expected that about 13 000 students will benefit from the scheme each academic year.

- Increased the articulation opportunities for sub-degree graduates. Announced in 2014 that the number of University Grants Committee (UGC)-funded undergraduate senior year intake places would progressively increase from 4 000 to 5 000 per annum by the 2018/19 academic year, so that meritorious sub-degree graduates could articulate to subsidised degree programmes.
- Established the Belt and Road Scholarship. To enhance the exchanges between Hong Kong students and countries along the Belt and Road, proposed in 2016 to further increase the number of scholarships offered to outstanding students from regions along the Belt and Road to about 100 in phases. Launched the Hong Kong Scholarship for Belt and Road Students (Indonesia) in the 2016/17 academic year. Also, by making use of private donations, the Belt and Road Scholarships are made available for students from Malaysia and Thailand in the 2017/18 academic year. In April 2017, EDB and the Vietnamese Government agreed in principle to follow up and work towards the objective of launching the Hong Kong Scholarship for Belt and Road Students (Vietnam) in the 2018/19 academic year.
- Introduced the Scheme for Subsidy on Exchange for Post-secondary Students in 2015 to subsidise financially needy students with grant up to \$15,000 per student so as to encourage their participation in exchange programmes outside Hong Kong. The Scheme has been expanded from 2016 with the ceiling of the subsidy raised to \$60,000. At the same time, the Scheme for Subsidy on Exchange to Belt and Road Region for Post-secondary Students was introduced. Each eligible student can apply for subsidies up to around \$50,000 in total under the Scheme.
- Launched the Hong Kong Scholarship for Excellence Scheme in 2014 to support three cohorts of up to 100 outstanding local

students per cohort in their pursuit of studies in world-renowned universities outside Hong Kong starting from the 2015/16 academic year. 185 students have been offered Scholarships in the first two cohorts.

- In the 2015/16 academic year, the aggregate expenditure on research of the UGC-funded institutions amounted to \$9.55 billion, representing an increase of more than 10% as compared with the previous year.
- In 2016, the former Hong Kong Institute of Education was retitled as the Education University of Hong Kong and became the tenth university and the eighth publicly-funded university in Hong Kong.
- Established in 2014 the Qualifications Framework (QF) Fund of \$1 billion to support the sustainable development of QF.
- Free quality kindergarten education policy will be implemented starting from the 2017/18 school year with a view to greatly enhancing the quality of kindergarten education. About 70% to 80% of subsidised half-day kindergarten places will be free. As for whole-day kindergarten places, the overall school fees will be maintained at a low level. The current 12 years of free education will be extended to 15 years.
- The Government's recurrent expenditure on pre-primary education is estimated to be increased from about \$2.8 billion in 2012-13 to about \$6.7 billion in the 2017/18 school year.
- The number of overseas tertiary institutions which have indicated acceptance of students with the Hong Kong Diploma of Secondary Education (HKDSE) qualification increased from 130 in 2012 to 260 to date. Also, Hong Kong students could be admitted to 90 Mainland higher education institutions without the need to take the Joint Entrance Examination for Universities on the Mainland.
- Injected a sum of \$5 billion into the Language Fund in the form of seed capital in 2014, with a view to facilitating long-term planning and sustaining funding support to worthwhile initiatives for improving Hong Kong people's proficiency in Chinese (including Putonghua) and English.

- In June 2016, the Finance Committee of the LegCo approved \$800 million for setting up the Gifted Education Fund to continue supporting the Hong Kong Academy for Gifted Education in nurturing exceptionally gifted students aged between 10 and 18, and to strengthen the development of school-based gifted education to enrich the talent pool and enhance the competitiveness of Hong Kong.
- Released the Report on Promotion of STEM Education - Unleashing Potential in Innovation in 2016 to set out the strategies for the promotion of science, technology, engineering and mathematics (STEM) education.
- In the 2015/16 school year, a one-off grant of \$100,000 per school was released to primary schools for purchasing equipment, resource materials and a kick-start of school-based STEM-related learning activities to promote STEM education. In the 2016/17 school year (March 2017), a similar one-off grant of \$200,000 per school was disbursed to secondary schools. The two grants were received by a total of about 1 000 primary and secondary schools.
- To put forward the vision of setting up WiFi campus in some 1 000 public sector primary and secondary schools in Hong Kong by phases starting from 2015/16 school year. As at to-date, about 80% of schools have successfully set up WiFi campus.
- To address the temporary decline of the Secondary One student population, a number of relief measures have been implemented in public sector secondary schools aiming at stabilising the sector and facilitating the sustainable development of secondary schools. As a result, from the 2012/13 to 2016/17 school years, the number of secondary students reduced by about 25% while that of operating classes and secondary school teachers just by about 10% and 6% respectively.
- In the past five years, EDB has, through the School Allocation Exercise, allocated six new/vacant school premises for reprovisioning or extension of secondary and primary school

premises. And, funding approval has been obtained for a total of 10 school building projects for the purposes of reprovisioning or redevelopment/expansion of existing secondary and primary schools.

- In the past five years, the total actual spending/revised estimates for school premises maintenance works amounted to \$4.687 billion.
- Improve the facilities of the 26 “matchbox-style” school premises.
- Since the 2014/15 school year, eligible public sector schools have been provided with a recurrent Career and Life Planning Grant (CLPG) to support the implementation of life planning education (LPE) in a holistic and systematic manner.
- Through the Business School Partnership Programme, more business organisations and government departments have been encouraged to collaborate with schools to support students in career exploration. Since the implementation of LPE in the 2014/15 school year to the end of February 2017, EDB has cooperated with about 280 enterprises and organisations in organising over 2 150 activities with the participation of over 655 000 students.
- Starting from the 2015/16 school year, the ratio of graduate teacher posts in public sector primary schools would be enhanced progressively in three years from 50% to 65%.
- Schools may turn the existing Senior Secondary Curriculum Support Grant (SSCSG) as well as CLPG into regular teaching posts from the 2016/17 school year. This will provide about 1 000 additional regular teaching posts. In the 2016/17 school year, about half of the public sector secondary schools have turned either or both of SSCSG and CLPG into some 370 regular teaching posts.
- Subsidise students to join at least one Mainland exchange programme each in the primary and secondary stages as promulgated in 2015, more than 90 000 subsidised quotas are provided by EDB in 2016/17.

- Continue to promote Belt and Road related exchange activities, including the increase of quota to 5 600 for students' Mainland exchange programmes along the Silk Road in 2016/17.
- Allocated five vacant school premises and three greenfield sites for development of international schools through the two School Allocation Exercises held in 2012 and 2014 respectively. The schools concerned have gradually come into operation from the 2014/15 school year onwards and will provide some 6 000 school places in total.
- It is projected that there will be no shortfall in the provision of international secondary and primary school places for six school years starting from the 2017/18 school year.
- Proposed in 2017 to introduce a paid non-local study leave scheme on a pilot basis for serving secondary school teachers to broaden their perspectives and enrich their experience by allowing them to take part in specific courses or on-site experiential learning attachment programmes for about one to three months. The 3-year scheme is expected to benefit some 150 teachers.
- From the 2014/15 school year onwards, various measures have been introduced to enhance the quality of special education services in special schools, including the provision of additional teacher assistants, progressive reduction of the number of students per class in the school for children with visual impairment and schools for social development, improvement of the staff establishment of the boarding section of special schools, and provision of an additional grant for the boarding section of special schools to enhance the support for boarders with medical complexity.
- Starting from 2017, an additional grant has been provided for schools for children with severe intellectual disability, schools for children with physical disability and schools for children with visual impairment cum intellectual disability to enhance the care for 24-hour ventilator-dependent students.
- In the 2016/17 school year, the estimated additional expenditure on support and services provided for public sector

primary and secondary schools in catering for students with special educational needs is \$1,417 million, which represents an increase by around 65% as compared to the expenditure in the 2008/09 school year.

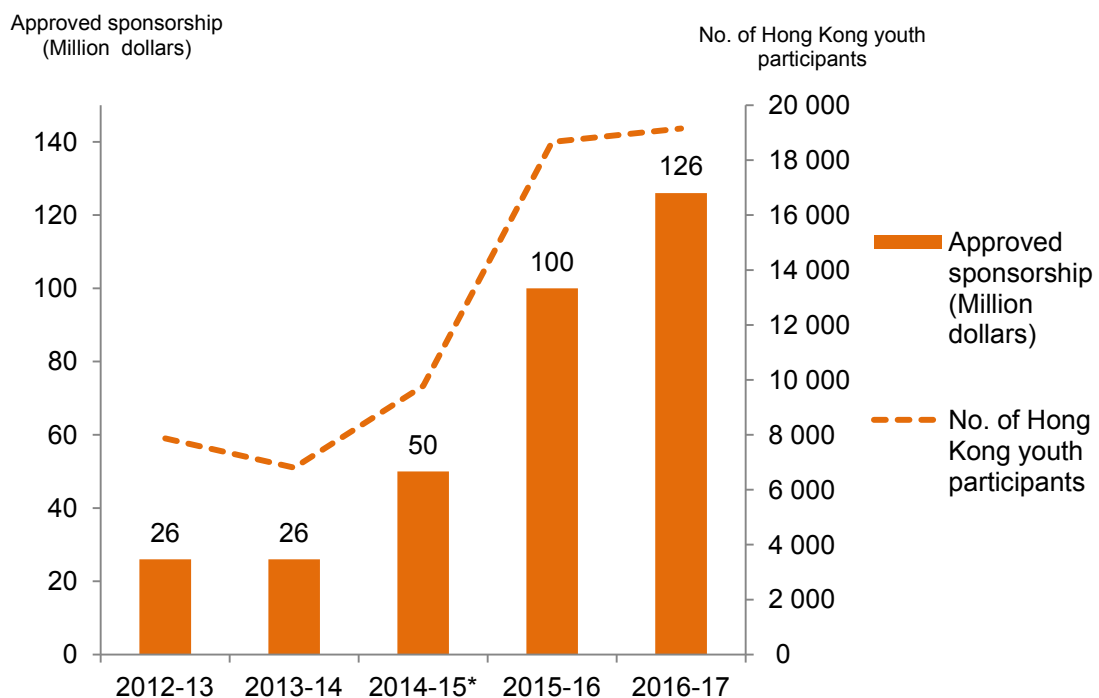
- From the 2013/14 school year, the ceiling of Learning Support Grant has been raised to \$1.5 million; whereas the grant rates have been increased by 30% in the 2014/15 school year. Starting from the 2017/18 school year, the Learning Support Grant will cover students with mental illness.
- From the 2016/17 school year, the School-based Educational Psychology Service has been extended to cover all public sector primary and secondary schools. For schools with a large number of students with special educational needs, the service has been progressively enhanced by improving the ratio of educational psychologist to schools to 1:4.
- Applied Learning Chinese (for non-Chinese speaking students) (ApL(C)) is introduced at the senior secondary level to provide an additional channel exclusively for non-Chinese speaking students to obtain an alternative Chinese language qualification. The results of ApL(C) are reported in the HKDSE. In addition to the HKDSE qualification, ApL(C) is also pegged at the Qualifications Framework Levels 1-3 to prepare students for further studies and work. The first batch of graduates will complete ApL(C) by 2017.

Youth

- In 2016, a \$300 million Youth Development Fund was set up to collaborate with NGOs, in the form of matching funds, to assist young people in starting up their own business. In 2016-17, \$24 million has been approved for sponsoring nine NGOs to implement their youth entrepreneurship projects.
- Since 2014-15, the recurrent subvention for 11 youth uniformed groups (UGs) has been doubled and the provisions for the Assistance Scheme for Needy Students have also been increased, benefiting more than 110 000 UG members a year.

- During 2015-16 to 2017-18, an additional provision of over \$200 million was allocated for the Funding Scheme for Youth Exchange in the Mainland and the Funding Scheme for Youth Internship in the Mainland. Community organisations are sponsored to organise youth exchange and internship programmes in the Mainland, so as to enhance the awareness and understanding of Hong Kong young people of their home country. It is estimated that 56 000 Hong Kong young people will benefit from the 800 exchange programmes and 293 internship programmes sponsored under the two funding schemes in these three years.

Youth Exchange and Internship in the Mainland



* Before 2014-15, sponsorship for both youth exchanges and internships in the Mainland was granted under the same funding scheme. Since 2014-15, sponsorship for youth exchange and internship in the Mainland are provided by two separate funding schemes.

- In 2016-17, the Funding Scheme for Exchange in Belt and Road Countries was introduced on a trial basis, providing funding support to non-profit-making organisations to organise exchange programmes to those countries. It aims to promote

in-depth exchange between the young people in Hong Kong and those from the Belt and Road countries to foster the “people-to-people bond”. In 2016-17, about 630 Hong Kong young people were sponsored to visit over 20 Belt and Road countries.

- In 2017-18, an additional \$100 million has been allocated to enhance support for overseas youth exchange activities.

**Destinations of Youth Exchange Activities
Organised by the Home Affairs Bureau In the past five years**



- The Funding Scheme for Youth Life Planning Activities was launched in 2014. More than \$50 million has since been provided to sponsor NGOs under 37 projects to jointly organise life planning activities with secondary schools, with a view to enhancing the understanding of students, parents and teachers of life planning and multiple pathways. So far, over 300 secondary schools have participated in the scheme. More than 200 000 participants of students, teachers and parents have benefited from the scheme.
- In 2014, the Multi-faceted Excellence Scholarship was launched to promote a culture of multi-faceted excellence. It supports local universities and tertiary institutions in admitting a total of about 20 secondary school students who excel in sports,

arts and community services to pursue undergraduate studies. In 2017-18, an additional \$200 million has been pledged for allocation to expand the scholarship.

- In 2015, the United Nations Volunteers – Hong Kong Universities Programme was launched in collaboration with the United Nations and local volunteer organisations, enabling local university students to take up voluntary work for six months in various UN agencies in South East Asia. In the first two years, 22 students participated in the pilot programme. Starting from 2017/18, the quota for participants will be doubled to 20 participants a year.
- The Service Corps Programme provides young people with an opportunity to perform voluntary teaching service or serve as volunteers in the Mainland for six or 12 months. So far, over 110 young people have participated in the Programme. Since 2015-16, the programme has been included in Government recurrent funding programmes so that more young people may benefit from it.

Healthcare

- Earmarked a total provision of \$200 billion in 2016 for the implementation of the 10-year hospital development plan, which will provide more than 5 000 additional beds and 90 additional operating theatres.
- Completed a review of the operation of the Hospital Authority (HA) in 2015. The recommendations of the review, including refining the delineation of cluster boundaries and resource allocation model, etc. are to be implemented by the HA in three years' time.
- Published the report on the first territory-wide Strategic Review on Healthcare Manpower Planning and Professional Development in 2017, aiming to ensure a stable supply of healthcare manpower in the long term and set the directions for the development and regulation of healthcare professions.
- Improved the operation of the Medical Council of Hong Kong by introducing administrative measures to facilitate the operation of the Council as far as practicable and proposing legislative amendments to improve the complaint handling mechanism of the Council, increase its lay participation and extend the maximum validity period of limited registration for non-locally trained doctors from one year to three years.
- Released the Consultation Report on the Voluntary Health Insurance Scheme in 2017. It summarised the consultation outcomes and set out a non-legislative framework for implementation.
- In 2017, the Private Healthcare Facilities Bill was introduced into the LegCo. The Bill provided for a new regulatory regime with enhanced protection for the rights of patients.
- In 2016, \$10 billion was allocated to HA to set up the HA Public-Private Partnership (PPP) Fund. HA would make use of the investment returns for regularising and enhancing clinical PPP programmes being undertaken on a pilot basis, as well as developing new clinical PPP initiatives.

- Launched the General Outpatient Clinic PPP Programme in 2014. Clinically stable HA patients having hypertension and/or diabetes mellitus are invited for voluntary participation and selection of a participating service provider as their family doctor.
- Launched the Electronic Health Record Sharing System (eHRSS) formally in 2016. With patients' consent, healthcare providers in the public and private sectors can share their medical records. The eHRSS is well-received in the community, with more than 500 000 registered users now.
- In March 2017, LegCo approved funding of \$422 million for the development and enhancement work under Stage Two eHRSS.
- Implementing progressively the recommendations of the Chinese Medicine Development Committee, which include:
 - the Government reserving a site for and financing the construction of a Chinese medicine hospital;
 - launching the Integrated Chinese-Western Medicine (ICWM) Pilot Project since 2014 to provide ICWM in-patient treatment in a total of seven public hospitals; and
 - before the establishment of the permanent Government Chinese Medicines Testing Institute (GCMTI), setting up a temporary GCMTI in the Science Park to develop internationally-recognised reference standards for Chinese medicines and related products with a view to enhancing quality control of Chinese medicines.
- The Mental Health Review Committee established in 2013 completed the Review on Mental Health in April 2017. An Advisory Committee on Mental Health will be set up to follow up on and implement the recommendations of the Review Committee.
- In August 2013, launched a four-year Pilot Project on Dental Service for Patients with Intellectual Disability to provide subsidised dental service supplemented with special support measures to eligible adults with intellectual disability. As of February 2017, over 1 800 persons had benefited.

- Implemented comprehensive measures to prevent emerging global public health threats including the Middle East Respiratory Syndrome, Avian Influenza A (H7N9), Ebola virus disease and Zika virus infection.
- In 2016, introduced a three-year Colorectal Cancer Screening Pilot Programme with an allocation of about \$420 million to subsidise eligible persons to receive colorectal cancer screening. It is estimated that 300 000 persons will be benefited.
- Established the High Level Steering Committee on Antimicrobial Resistance in 2016. In May 2017, the Committee submitted to the Government a five-year community-wide action plan to tackle the threat of antimicrobial resistance.
- Implemented since 2013 the “zero quota” policy for Mainland “doubly non-permanent resident pregnant women” giving birth in Hong Kong.
- In 2015, launched an 18-month Pilot Study of Newborn Screening for Inborn Errors of Metabolism (IEMs) in two public hospitals which covered a total of 24 IEMs. Over 15 000 babies were screened for IEMs under the Pilot Study. The service has been regularised since April 2017 and will be extended to all public hospitals with maternity wards in phases.
- In 2014, set up the Committee on Promotion of Breastfeeding to enhance the effort to promote breastfeeding through multi-pronged strategies. Among others, promulgated in June 2017 the “Hong Kong Code of Marketing of Formula Milk and Related Products, and Food Products for Infants & Young Children” to protect breastfeeding from being undermined by inappropriate marketing practices of formula milk and related products; and also decided to require that baby care facilities and lactation rooms be provided in suitable new government premises to further increase the provision of facilities to support breastfeeding.
- Increased the tobacco duty by 11.7% in 2014 and designated eight bus interchanges at tunnel portal areas as no-smoking

areas in 2016.

- Proposed to expand the size of health warnings to cover at least 85% of the two largest surfaces of the packets or retail containers of tobacco products in 2017.
- Established the Committee on Promotion of Organ Donation and introduced the Organ Donation Promotion Charter in 2016.
- The registration number of the Centralised Organ Donation Register increased from around 160 000 in 2014 to over 250 000 as at May 2017. The number of new registration in 2016 was nearly two fold of that in 2014.
- From December 2012, trawling activities were banned to conserve fisheries resources.
- In 2013, export control of powdered formulae was imposed to safeguard sufficient and stable local supply.
- From June 2013, an assistance scheme involving \$230 million was launched to assist 4 300 fixed-pitch hawkers to enhance the fire safety, functionality and appearance of their stalls.
- From July 2013, the different fee levels for municipal services in the urban area and the New Territories, covering 93 Food and Environmental Hygiene Department (FEHD) service items, were aligned based on the lower of the two levels.
- The Private Columbaria Bill was introduced into LegCo in 2014 and passed in May 2017.
- District Councils have been consulted on 15 columbarium projects, which will provide about 600 000 new niches in total, accounting for about two-thirds of the total number of planned new niches.
- In 2014, a \$500 million Sustainable Fisheries Development Fund was set up to assist the fisheries trade to develop into a sustainable and high value-added operation mode.
- In 2016, implemented the New Agriculture Policy to promote the modernisation and sustainable development of local agriculture, including the establishment of an Agricultural Park and exploring the feasibility of designating Agricultural Priority Areas.

- In 2016, set up a \$500 million Sustainable Agricultural Development Fund to provide funding support to projects that would enhance agricultural productivity and sustainability.
- In 2014, strengthened the regulation on pesticide residues in food.
- In 2015, implemented import control of poultry eggs to reduce avian influenza risk.
- In 2015 and 2016, implemented the statutory requirements by phases to regulate the nutritional composition or labelling of formula products and prepackaged food for infants and young children.
- From July 2015, lowered the threshold of tenants' support for the retrofitting of air-conditioning facilities in public markets from 85% to 80%.
- In 2015, launched the "Keep Clean 2015 @ Hong Kong: Our Home" campaign and a regular meeting mechanism with the relevant committees on environmental hygiene under the 18 District Councils was subsequently put in place.
- In 2017, announced that the Government has initially identified suitable sites in the Tung Chung New Town Extension Area and HSK NDA for building sizable public markets.
- In 2017, legal amendments came into operation to strengthen regulation of animal trading through a new licensing scheme on regulating dog breeding and trading, with a view to protecting animal welfare.
- In 2017, the public consultation on the recommendations of the consultancy study on the live poultry trade in Hong Kong was completed and the way forward for the live poultry trade was mapped out.
- In the past five years, the expenditure on street cleansing has increased by \$410 million. An additional \$119 million will be allocated annually to enhance environmental hygiene and strengthen the related enforcement and prosecution work.
- In the past five years, a total of \$127 million has been allocated to improve public market facilities and increase manpower to enhance market management. Between 2015-16 and

2017-18, a total of \$293 million has been earmarked to replace escalators/lifts which have been in use for more than 20 years.

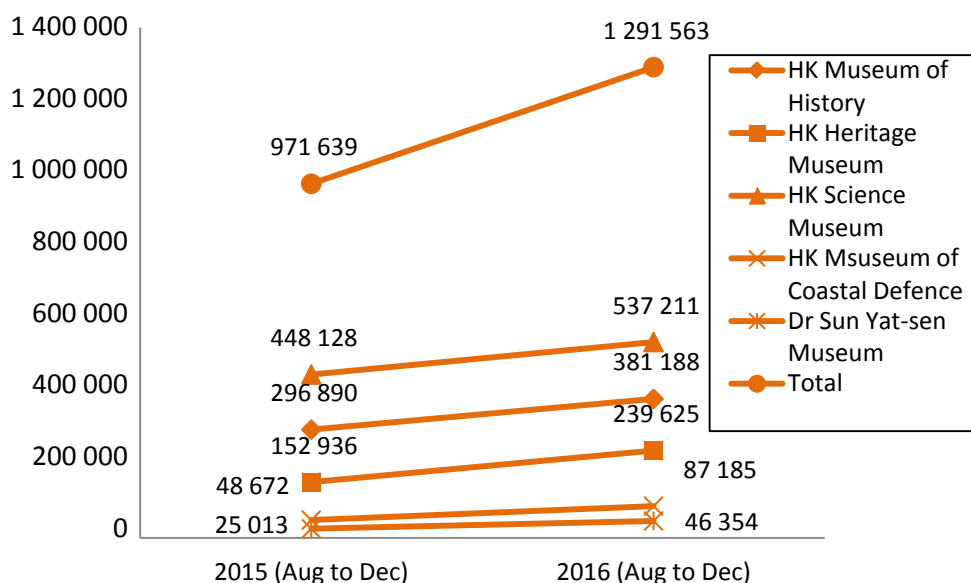
- In the past five years, mosquito prevention and control work has been vigorously implemented. The number of dengue fever cases recorded in Hong Kong is far lower than those of some neighbouring places. No local cases of Zika virus infection have been recorded in Hong Kong so far.
- In the past five years, a total of 2 750 prosecutions have been initiated against unauthorised display of non-commercial publicity materials and banners.

Culture, Leisure, Municipal Services and Administration

Culture, Leisure and Municipal Services

- Continual implementation of the Arts Capacity Development Funding Scheme in the past five years which supported around 70 large scale and cross-year arts and cultural projects during the period. In addition, we launched the Art Development Matching Grants Pilot Scheme in 2016 to provide arts groups and arts organisations of various scales and at different development stages with grants matching the donations and sponsorships they raised.
- Provision of new spaces for artists and arts groups, including funding the Hong Kong Arts Development Council (HKADC) for launching the “ADC Artspace” in a building in Wong Chuk Hang in 2014; and reserving area in the future building development on a site in Aberdeen sold in 2016 for use by local artists and arts groups. In addition, the Tai Po District Council will collaborate with the HKADC to retrofit the former Tai Po Secondary School into an arts centre.
- Free admission to permanent exhibitions of the fee-charging museums of Leisure and Cultural Services Department (LCSD) with effect from 1 August 2016.

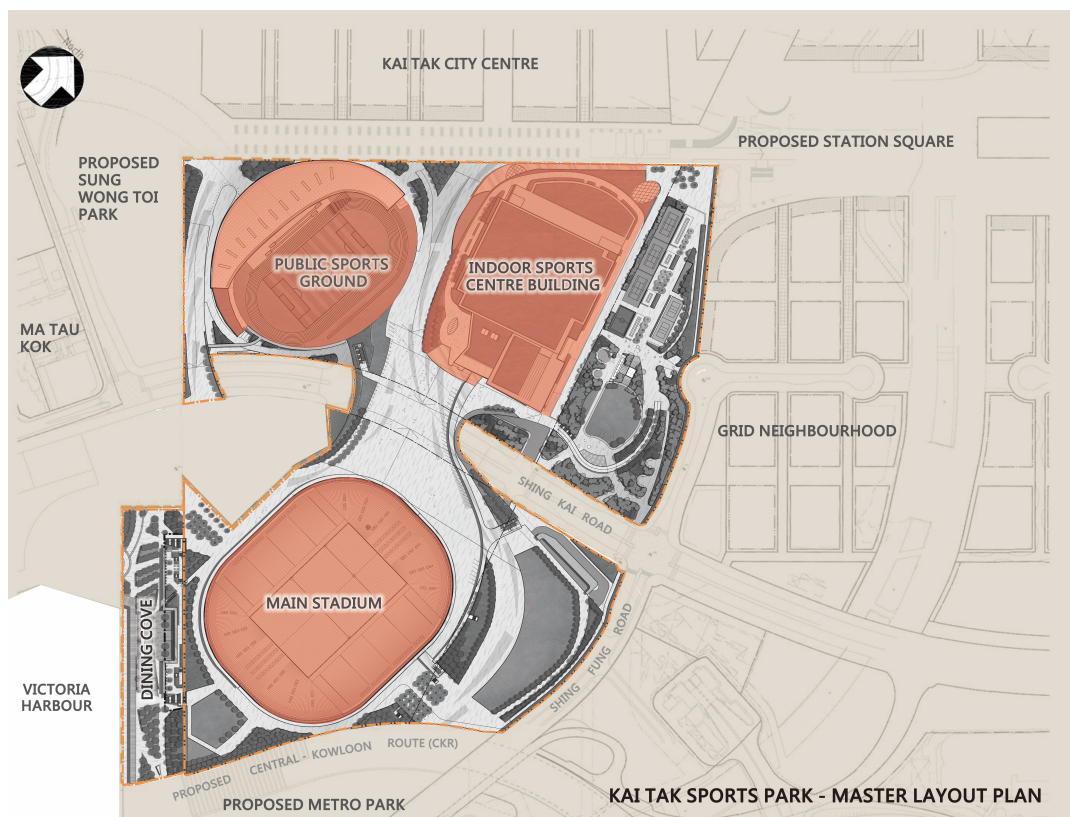
Attendance of 5 fee-charging museums after the implementation of free admission initiative



- In 2015, an Intangible Cultural Heritage (ICH) Office was established under the LCSD. Besides, an ICH Centre was set up at the Sam Tung Uk Museum in 2016.
- Subsequent to the promulgation of the first ICH inventory of Hong Kong consisting of 480 local items in 2014, announced the proposed list comprising 20 items for public consultation in February 2017 with a view to drawing up the first ICH Representative list of Hong Kong (Representative List). It is expected that the Representative List will be promulgated in mid-2017.
- Since the approval of the Development Plan for the West Kowloon Cultural District (WKCD) in January 2013, the construction works of WKCD have been progressing apace. The first permanent facility of WKCD, the M+ Pavilion, opened in 2016 and now serves as the site for M+ exhibitions within the District.
- The Enhanced Financial Arrangement for WKCD was announced in January 2017. Under the arrangement, the WKCD Authority will retain the ownership of all the land and premises within WKCD. On one hand, the arrangement will provide the WKCD Authority with adequate financial capability

to operate WKCD sustainably and develop the batch 3 arts and cultural facilities under an organic growth approach with priority given to the development of a world class Music Centre. On the other hand, it will ensure that WKCD is developed in a holistic and comprehensive manner, thus maintaining its integrity in the long run.

- The pre-construction works of the Kai Tak Sports Park commenced in 2015 has been largely completed, and the construction works of the Sports Park is expected to commence in 2018 for completion in 2022-23.



- In 2017, decided to spend a total of \$20 billion in the coming five years to launch 26 projects to significantly increase and improve existing sports facilities and open spaces, and to carry out technical feasibility studies for another 15 sports and recreation facility projects to prepare for their implementation in future.
- In 2017, announced an injection of \$1 billion into the Elite Athletes Development Fund to continue the support to the

development of elite sports in Hong Kong and the operations of the Hong Kong Sports Institute.

- Set up the Elite Athletes Performance Recognition Scheme in 2015 to enhance the support for transformation of elite athletes after retirement. In end of 2016, the Retired Athletes Transformation Programme was launched to financially support and encourage schools and national sports associations to employ retired athletes with a view to helping them to build a solid foundation for career plans and future development. In 2017, a funding of \$9 million was provided to the Hong Kong Athletes Career & Education Programme to continue the support to athletes in three aspects including career, education and life skills training.
- In 2016, launched a public consultation on a consultancy report on Sport for People with Disabilities in Hong Kong to solicit views from the public with a view to formulating measures on how to support sports participation by persons with disabilities in a more comprehensive manner.
- To cooperate with and provide support to various national sports associations to organise major sports events in Hong Kong. The number and scale of major sports events in Hong Kong have been increasing over the years. The level of participation has also significantly increased.
- Following the “Project Phoenix”, provided a five-year time limited allocation of a maximum of \$25 million per year to the Hong Kong Football Association from 2015-16 and onwards to implement the Five-Year Strategic Plan to continue the development of local football.
- In 2016, Hong Kong Football Association commenced the construction of a football training centre at the restored Tseung Kwan O landfill site phase 1.
- In 2016-17, a provision of \$150 million was provided for the continued implementation of the Enhancing Self-Reliance Through District Partnership Programme and its enhancement measures to encourage more social enterprises to start up or expand business with a view to helping self-reliance and social

integration of the socially disadvantaged.

- In 2016-17, premised on the successful experience of the “District Administration Pilot Scheme”, the “District-led Actions Scheme” was rolled out in the 18 districts with over 40 projects to tackle some major long-standing complex district problems and capitalise on local opportunities.
- In 2013, an additional \$100 million was earmarked for each district for District Councils (DCs) to implement the Signature Project Scheme. Projects initiated by the 18 DCs include improving or constructing community facilities, enhancing community healthcare services and promoting youth development, etc.
- In 2016, the fixed penalty system against shop front extensions (SFEs) came into operation. The fixed penalty system is an additional enforcement tool to tackle the problem of SFEs in a more efficient and effective manner. Under the new initiative, the Food and Environmental Hygiene Department and the Hong Kong Police Force are empowered to issue Fixed Penalty Notices of \$1,500 in addition to taking summons action against SFEs involving the offence of “Obstruction of Public Places” under section 4A of the Summary Offences Ordinance (Cap. 228).
- To strengthen networking and communication with youth at the district level, the 18 District Offices under the Home Affairs Department have established their District Youth Networks since 2014-15. Through a series of multifarious activities, we aim at helping the youth to develop and realise their potential, fostering their interest, boosting their self-confidence, enhancing their sense of belonging towards the society and civic mindedness, as well as increasing their participation in community affairs. Currently, there are around 6 000 district youth network members.
- The Village Representative Election Ordinance was amended in 2014 and renamed as Rural Representative Election Ordinance so as to regulate the long established Kaifong Representative Election of Cheung Chau and Peng Chau and

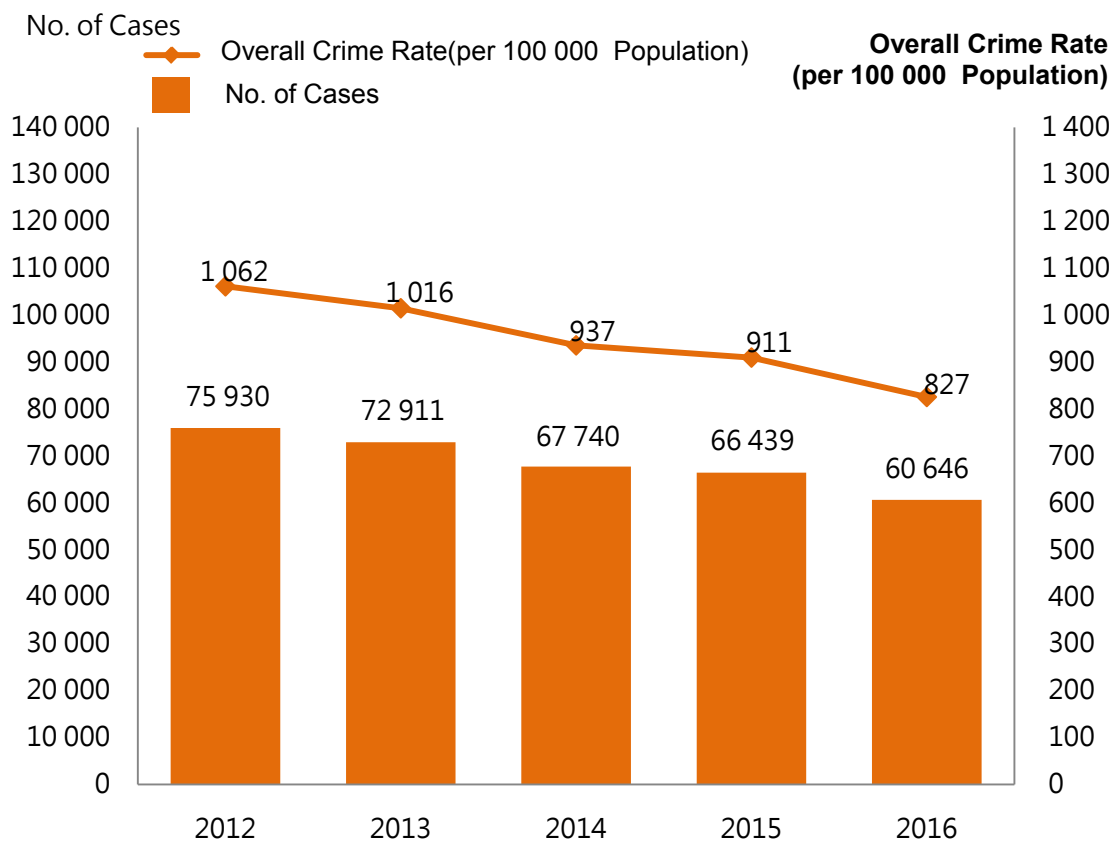
enhance the electoral arrangements. Since 2015, Kaifong Representative elections, conducted in accordance with the law, have been put under the supervision of the Electoral Affairs Commission. The elections are also governed by the Elections (Corrupt and Illegal Conduct) Ordinance to ensure they are conducted in a fair, open and just manner.

- In 2016, the Property Management Services Ordinance (Cap. 626) was enacted to implement a licensing regime for property management companies and property management practitioners. In December 2016, the first-term members of the Property Management Services Authority were appointed.
- In 2014 and 2017, Phases 1 and 2 of the Building Management Professional Advisory Service Scheme (BMPASS) were completed respectively. Under BMPASS, property management companies were commissioned to provide owners of 2 400 old buildings with professional support, including assisting owners of “three-nil” buildings (i.e. those without any form of management) to form owners’ corporations (OCs), as well as assisting owners to carry out maintenance works and apply for related subsidies. In April 2017, Phase 3 of BMPASS was launched to provide one-stop professional advice and support to owners of the remaining 1 400 buildings aged over 30 years with low rateable values.
- In 2015, the public consultation on the Review of the Building Management Ordinance (Cap. 344) was completed. A series of proposed amendments and related administrative measures were submitted to the LegCo in May 2016 and March 2017 respectively, with a view to strengthening support for OCs and owners.

Security

- Hong Kong is one of the safest cities in the world. The overall crime figure of 2016 fell to a new low since 1978, and the crime rate, i.e. the number of crimes per 100 000 population, is 827 cases, representing a new low in 44 years. A number of categories of violent crimes have registered a decline.

Overall Crime and Overall Crime Rate from 2012 to 2016



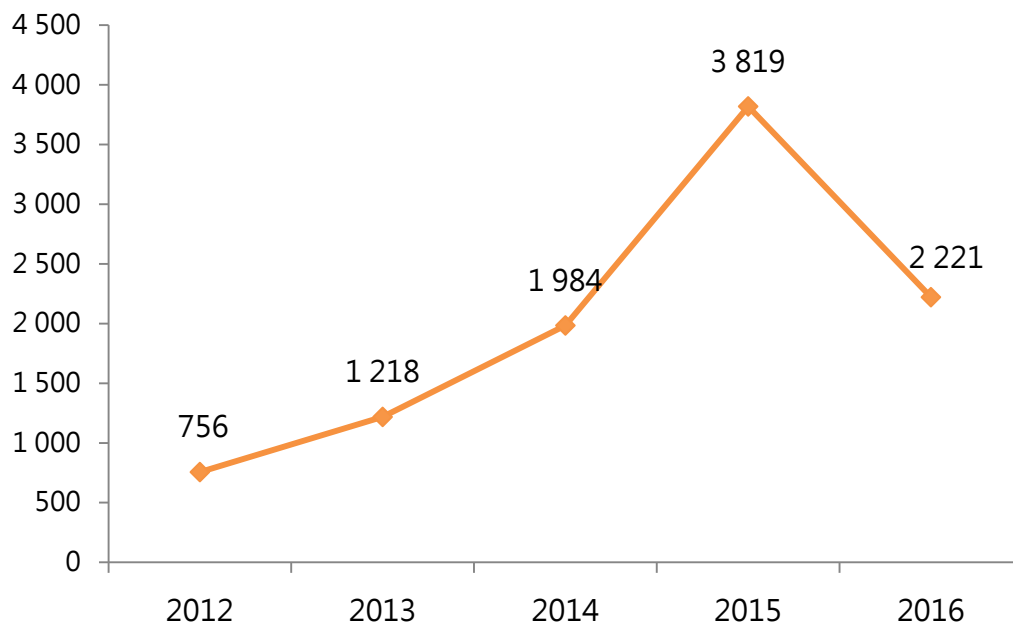
- The Bill to amend the Interception of Communications and Surveillance Ordinance was passed in 2016, thereby strengthening the powers of the panel judges and the Commissioner on Interception of Communications and Surveillance; and enhancing the regulatory regime of law enforcement agencies' covert operations.
- Established the Senior Police Call, which targets the elderly, in 2014. It currently has over 7 000 members. The Junior

Police Call Permanent Activity Centre and Integrated Youth Training Camp at Pat Heung has started the first-stage operation of its facilities in 2017, and provides discipline, physical and team-building training for the youth. The Police have also rolled out a mobile application and enhanced outreach to the public through online platforms. In particular, its Facebook page has attracted “like” from more than 110 000 netizens.

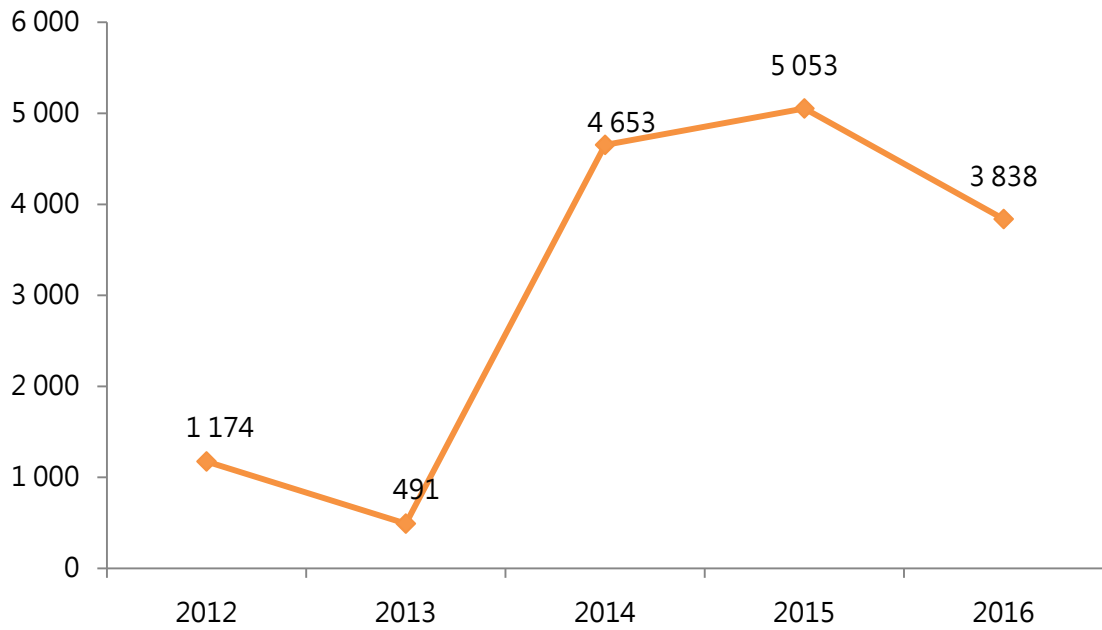
- Ended the illegal “Occupy Movement” and the Mong Kok riot in an orderly manner. During the illegal “Occupy Movement” in 2014 which lasted for 79 days, police officers, in the face of large-scale unlawful assemblies and numerous protestors charging the police cordon in a violent and organised manner, managed to professionally put the situation under control and stop such acts which jeopardised public safety and public order with the most restrained use of force. As a result, people’s livelihood and the community generally functioned as usual. The incident was also resolved in a peaceful manner eventually. In respect of the riot which took place in Mong Kok during Chinese New Year in February 2016, the Police quickly ended the incident and restored public order for the protection of safety of life and property of the public.
- An inter-departmental counter-terrorism exercise codenamed “WINDGATE” was held in November 2015. The exercise simulated terrorist attacks launched in Hong Kong by members of fictitious overseas extremist groups and local terrorists, with a view to testing Hong Kong’s capability in dealing with terrorist attacks.
- In accordance with the requirements of the United Nations Security Council Resolution 2178 and the recommendations of the Financial Action Task Force, proposed to amend the United Nations (Anti-Terrorism Measures) Ordinance. The LegCo Panel on Security was consulted in January 2017 and a two-month public consultation exercise was conducted. The Government would introduce the amendment bill in June 2017.

- Commenced the Immigration (Amendment) Ordinance 2012 to provide statutory underpinning to the screening mechanism for torture claims. Following two subsequent judgments by the Court of Final Appeal, the number of illegal immigrants lodging non-refoulement claims increased significantly since March 2014. In 2016, the Government commenced a comprehensive review of the strategy of handling non-refoulement claims.
- Since 2016, conducted dedicated joint anti-smuggling operations with the Mainland law enforcement agencies to step up efforts to combat syndicates. The number of non-ethnic Chinese (NEC) illegal immigrants intercepted or surrendered in Hong Kong has since decreased significantly.

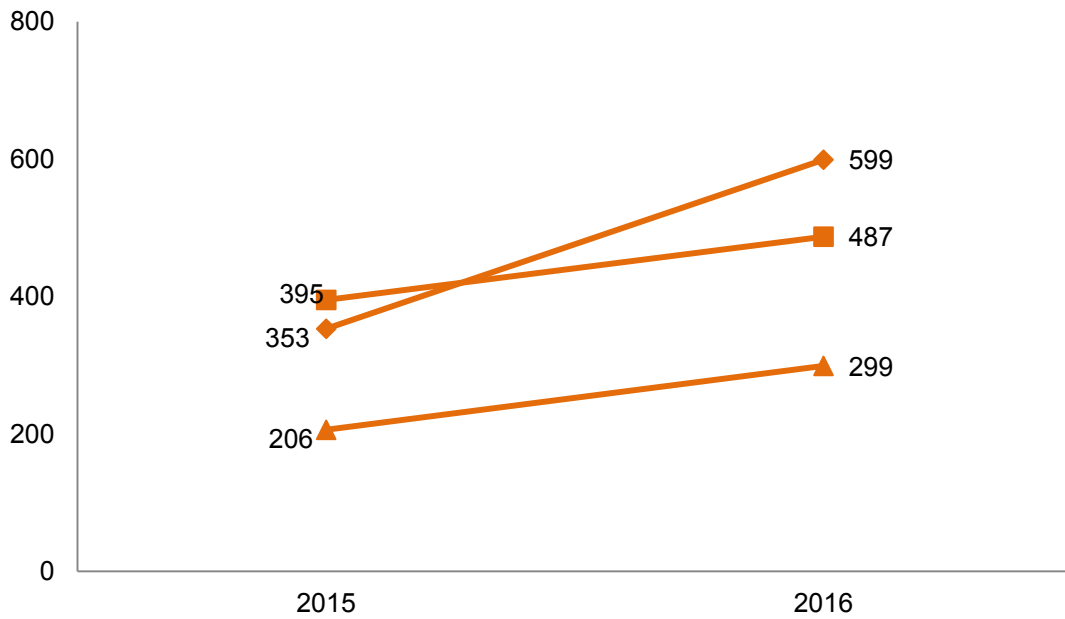
Number of NEC illegal immigrants



Number of non-refoulement claims received



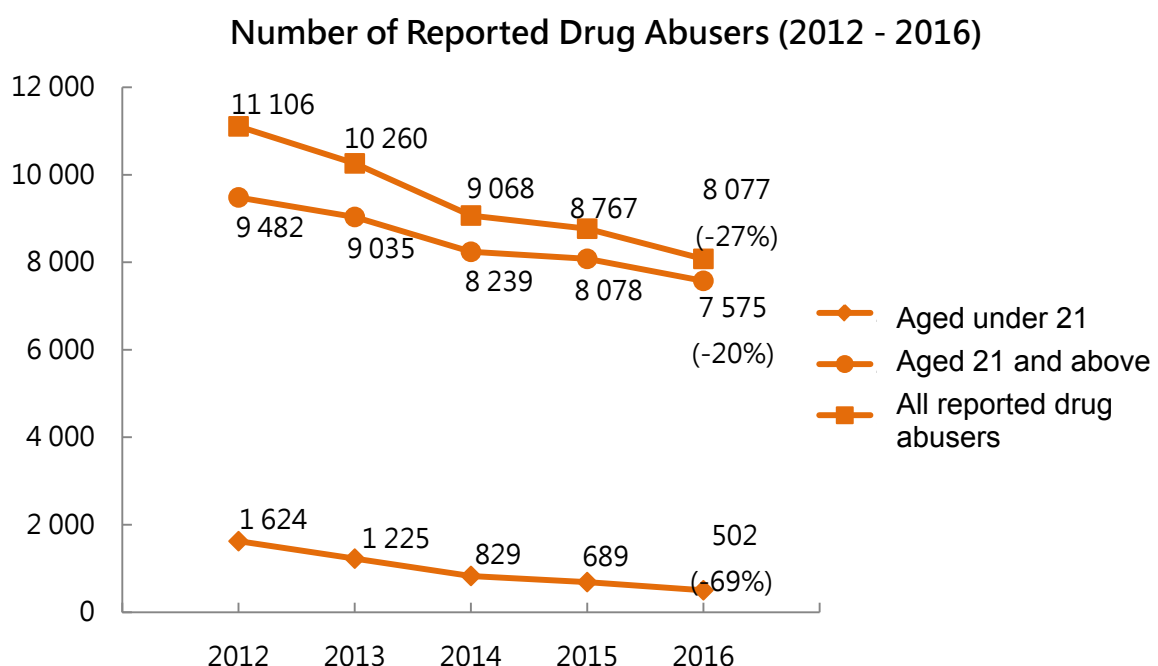
Figures relating to NEC illegal workers



- ◆ No. of targeted operations against NEC illegal workers
- No. of NEC illegal workers arrested
- ▲ No. of local employers arrested

- Stepped up enforcements against NEC persons taking up unlawful employment and their employers, so as to reduce their economic incentives to remain in Hong Kong illegally.
- In January 2017, introduced online pre-arrival registration requirement for Indian visitors. India is the largest source country of non-refoulement claimants. 80% of Indian claimants arrived in Hong Kong as visa-free visitors.
- Commissioned the Fire and Ambulance Services Academy, situated at Pak Shing Kok, Tseung Kwan O with an area of about 158 000 square metres, in 2016. The Academy offers a wide range of training, from foundation drills to techniques in dealing with major disasters.
- Introduced the improvised hose reel system in 2016 to help owners of old composite buildings of three storeys or below comply with the requirements of the Fire Safety (Buildings) Ordinance by alleviating the technical difficulties and reducing the costs of works. The capacity requirements of fire service water tanks for most four- to six-storey old composite buildings have also been lowered. It is estimated that more than 3 300 buildings in Hong Kong will benefit from the above measures.
- The Fire Services (Amendment) Bill 2016 was passed by the LegCo to provide the basis for the proposed introduction of the Registered Fire Engineer Scheme. This is to make good use of the qualified professional human resources in the market for providing fire safety risk assessment and certification services and facilitate business operations.
- Since 2012, over 150 000 have participated in the Rehabilitation Pioneer Project, which promotes the message of leading a law-abiding and drug-free life as well as supporting offender rehabilitation through various community education programmes. In 2015, a new education initiative called the “Reflective Path” was launched. It aims to enhance participants’ understanding of Hong Kong’s criminal justice system and correctional services, as well as the heavy price for committing crime. Over 3 000 have participated in the initiative.

- Committed \$358 million to implement the Next Generation Electronic Passport System with a view to updating the technology adopted by the existing Electronic Passport System, and to reduce the risk of system failure and passport forgery. It is expected to be launched in phases starting from early 2019.
- Committed \$1.45 billion to develop the Next Generation Smart Identity Card System in order to update the technology adopted by the existing Smart Identity Card System and to enhance the efficiency of the issue of Hong Kong smart identity cards. It is expected to come into operation in 2018.
- The total number of countries and territories which have granted visa-free access or visa-on-arrival to HKSAR passport holders has increased to 158, including more than 40 countries along the Belt and Road.
- Vigorously pursued anti-drug measures in the past five years. The number of reported drug abusers declined continuously.



- Provided funding support of about \$570 million for over 270 anti-drug projects in the past five years. Progressing into the 6th year of implementation, the number of schools participating in the Healthy School Programme with a Drug Testing

Component has increased from 43 in the 2011/12 school year to 122 in the 2016/17 school year.

- Starting from 2012, the land coverage of the Frontier Closed Area had been reduced from about 2 800 hectares to about 400 hectares in three phases, releasing about 2 400 hectares of land and obviating the need for residents and visitors to obtain Closed Area Permits to access the released frontier area.
- Enhanced liaison with the ethnic minorities. So far, more than 4 000 ethnic minority youths have become members of the Junior Police Call.
- Rolled out projects in Yuen Long and Yau Tsim Police Districts to help ethnic minority youths to integrate into the community. Some of them have successfully joined the disciplined services.
- Provided instant telephone interpretation services in seven common non-ethnic Chinese languages for ethnic minorities in 67 police report rooms and reporting centers across the territory.
- Launched the Security Bureau Mobile App, Safeguard HK, in 2016, providing a one-stop platform with useful information on safeguarding life and property in daily lives and while travelling. Outward Travel Alerts are disseminated to the public through push notifications. The app has been well received since its release, with over 60 000 downloads as at June 2017.

Constitutional Development

- Successfully held the LegCo general election in September 2012.
- Completed the consultation and legislative process to abolish all the District Council appointed seats from the commencement of the fifth-term District Councils in 2016 onwards.
- Successfully held four major public elections, including the District Council ordinary election in November 2015, the LegCo general election in September 2016, the Election Committee

subsector ordinary elections in December 2016 and the Chief Executive election in March 2017.

- Conducted two rounds of extensive and systematic public consultations on the method for selecting the Chief Executive by universal suffrage between 2013 and 2015; commenced the “Five-step” constitutional process of constitutional development; and put forward to LegCo in 2015 a proposal for selecting the Chief Executive by universal suffrage.

Civil Service

- In accordance with the Improved Civil Service Pay Adjustment Mechanism, different pay-related market surveys were conducted in the past five years with a view to maintaining broad comparability between the pay of civil servants and private sector employees.
- Set up the fifth Families Clinic and nearly 60 additional dental surgeries, and continuing the preparatory work for setting up the sixth Families Clinic and more specialised dental surgeries.
- Raised in June 2015 the retirement age of civil service new recruits to 65 in respect of civilian grades and 60 in respect of disciplined services grades. In November 2015, we launched the Post-retirement Service Contract Scheme. In February 2016, we implemented the revised arrangements for final extension of service beyond retirement age for not more than 120 days for civil servants and, in June 2017, we put into effect the mechanism for further employment of a longer duration than 120 days. In line with the Government’s initiatives on extension of service of civil servants, public organisations such as the HA and the Hong Kong Housing Authority have taken similar measures.