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Replies to supplementary questions raised by Legislative Council Members in examining the Estimates of Expenditure 2023-24

Director of Bureau : Secretary for Commerce and Economic Development

Session No. : 16

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CONTROLLING OFFICER'S REPLY

S-CEDB01

(Question Serial No. S022)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

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

Programme: (6) Subvention: Hong Kong Trade Development Council

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

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is mentioned in the reply that the 8th Belt and Road Summit will underline the opportunities availed to Hong Kong by the Middle East markets. What are the highlights in the agenda on areas such as new parameters of regional trade, new platforms and new systems for Belt and Road co-operation?

In respect of organising overseas visits and missions to the Belt and Road regions, will the related expenditure be borne by the Commerce and Economic Development Bureau (CEDB)? What is the earmarked expenditure for these visits and missions this year? How will the CEDB assess the outcome of these visits?

Secondly, has the CEDB worked with the Immigration Department to compile statistics on the enterprises and individuals coming to Hong Kong to participate in exhibitions, major forums and summits? Will any special arrangements be made for such participants, for example, providing dedicated channels for them?

Furthermore, regarding the additional funding of \$550 million to be provided to the Hong Kong Trade Development Council in 5 financial years, will it be allocated in one go or on a yearly basis? How will the additional funding of \$110 million per year be deployed and used to contribute to national development?

Asked by: Hon KAN Wai-mun, Carmen

Reply:

The Government and the Hong Kong Trade Development Council (HKTDC) are drawing up the programme and discussion themes of various sessions of the 8th Belt and Road Summit. The Summit will align with the policy objective of better integration into national development, and will actively showcase Hong Kong as a functional platform for the Belt and Road (B&R) Initiative.

The Commerce and Economic Development Bureau (CEDB) will continue to organise missions to B&R related countries to foster collaboration and closer ties, to promote Hong Kong's advantages, as well as to assist Hong Kong businesses and professional services sector in opening up business opportunities. We will seek to understand from mission delegates and/or relevant sectors the outcome of these visits. The expenditure involved in organising such missions has been subsumed under the overall estimated expenditure of CEDB in taking forward the B&R Initiative, and cannot be quantified separately.

Regarding the participation of enterprises and individuals in conventions, major forums and summits in Hong Kong, the Hong Kong Tourism Board (HKTB) has been conducting Departing Visitor Surveys regularly at major ports of departure to understand the purpose of visitors' trips to Hong Kong, including whether they were attending conventions, exhibitions or other business activities. The survey also covers visitors' length of stay, per-capita spending and overall satisfaction with Hong Kong, etc. Besides, HKTB has been maintaining regular liaison with major organisers of conventions and exhibitions. When a large-scale event is staged in Hong Kong, HKTB would, as necessary, work together with the Immigration Department to provide dedicated immigration counters for Mainland and overseas visitors attending the event.

For the additional funding to the HKTDC, the Government will provide \$110 million per annum to the HKTDC in the 5 financial years starting from 2023-24 (i.e. a total of \$550 million) for implementing a series of measures, including actively promoting Hong Kong as a functional platform and a key link for the B&R Initiative, enriching the B&R Summit to highlight achievements of the Initiative over the past 10 years, organising business missions to B&R economies, establishing new "GoGBA Business Support Centres" in Huizhou, Jiangmen and Zhaoqing, etc. to help Hong Kong enterprises seize opportunities arising from the B&R Initiative and the Guangdong-Hong Kong-Macao Greater Bay Area development; making use of its major trade fairs and industry conferences in Hong Kong to strengthen the participation of Regional Comprehensive Economic Partnership (RCEP) markets including Association of Southeast Asian Nations economies and ramp up business matchings between RCEP, Mainland and Hong Kong exhibitors and buyers, etc. to help Hong Kong enterprises tap into emerging markets; and stepping up global promotional efforts to tell good stories of Hong Kong through a series of promotional events.

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CONTROLLING OFFICER'S REPLY

S-CEDB02

(Question Serial No. S023)

Head: (78) Intellectual Property Department

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

Programme: (1) Statutory Functions

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

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Regarding the examination capability under the “original grant patent” (OGP) system, the Policy Address announced to increase the number of patent examiners to 100. However, there are only 13 patent examiners at present and the goal of having 40 examiners by 2025 is far from reaching the target level of 100. Before having all examiners in place, does the Government have any means of processing examination of patent applications, especially those under specialised and specific categories? Will the China National Intellectual Property Administration (CNIPA) or other international patent experts be engaged to conduct patent examination for Hong Kong?

In addition, as the Lok Ma Chau Loop is the pilot zone for Shenzhen-Hong Kong innovation co-operation, has the Government considered inviting the CNIPA or setting up a joint institution to invite patent experts to conduct examination of OGP for Hong Kong?

Asked by: Hon KAN Wai-mun, Carmen

Reply:

The Intellectual Property Department (IPD) has all along been obtaining the necessary specialised technical support and assistance from the China National Intellectual Property Administration (CNIPA) in the process of establishing and implementing the “original grant patent” (OGP) system.

When the OGP system was launched in Hong Kong in December 2019, we had already established a collaborative mechanism with the CNIPA under which the IPD, during its examination of OGP applications, could first seek technical support from the CNIPA on search and substantive examination before deciding in accordance with the statutory requirements and procedures under the Hong Kong patent law on whether or not to grant the OGPs. Such collaborative mechanism has been operating smoothly. As at March 2023, the IPD granted 47 OGPs in accordance with the mechanism in a number of technical fields, including medical technology, environmental technology, advanced materials, information technology, electrical and mechanical engineering, logistics technology, etc.

The IPD will continue to review the operation and progress of the OGP system, and adopt a step-by-step process of recruiting and nurturing more patent examiners so as to develop a talent pool, with a view to acquiring institutional autonomy in conducting substantive patent examination by 2030.

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CONTROLLING OFFICER'S REPLY

SV-CEDB01

(Question Serial No. SV034)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

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

Programme: (2) Commerce and Industry

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

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Regarding the Special 100% Guarantee Product under the SME Financing Guarantee Scheme, there were reports of fraud cases involving the use of shell companies to apply for loans. Has the Government considered improving the vetting and approval procedures to prevent applications involving fraud?

Has the Government assessed whether the recent business situation of enterprises affected by the epidemic has improved? What is the estimated change in the default figure of the Special 100% Guarantee Product for 2023?

Asked by: Hon CHEN Chung-nin, Rock

Reply:

A control and safeguard mechanism has been established for the SME Financing Guarantee Scheme (SFGS) to ensure that only enterprises with a genuine need will benefit from the Special 100% Guarantee Product. Participating lending institutions will exercise professional skill, judgement and due diligence in processing applications, including conducting customer due diligence, and assessing whether an application fulfils the eligibility requirement (for instance whether the applicant enterprise has been continuously in operation and has actually paid employee wages and rents). HKMC Insurance Limited (HKMCI), the administrator of the SFGS, will also conduct sample checks on the applications submitted by lending institutions. HKMCI and lending institutions have been working closely with the law enforcement agency. If an application is suspected to involve illegal activities, HKMCI and lending institutions will reject such application, and report to the law enforcement agency, which has been following up cases referred by HKMCI and lending institutions, and taken enforcement actions in some cases.

Since the launch of the Special 100% Guarantee Product in April 2020, the Government has, apart from providing concessionary low interest, introduced the time-limited principal

moratorium relief measure, to greatly reduce the burden on small and medium enterprises under the epidemic. As at end March 2023, the default rate of the product was 3.38%, far lower than the assumed default rate of 25%. The default rate is subject to change having regard to the recovery of the overall economic environment and operational situation of individual sectors. The Government will continue to closely monitor the applications and operation of the SFGS, and review its effectiveness.

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CONTROLLING OFFICER'S REPLY

SV-CEDB02

(Question Serial No. SV033)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

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

Programme: (6) Subvention: Hong Kong Trade Development Council

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

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Regarding the survey studies conducted by the Hong Kong Trade Development Council in the Mainland from April to September 2022, please provide a list of the 8 Mainland cities visited and the details of the survey studies conducted in each city.

Asked by: Hon LAM Lam, Nixie

Reply:

The Hong Kong Trade Development Council (HKTDC) implements the Support Scheme for Pursuing Development in the Mainland (the Scheme) to help Hong Kong enterprises on the Mainland understand the Mainland policies and measures, and grasp the enormous opportunities in the Mainland market. For planning activities and services to meet the needs of Hong Kong enterprises under the Scheme, the HKTDC conducted survey studies during April to September 2022 in 8 Mainland cities, namely Shenzhen, Guangzhou, Fuzhou, Xiamen, Beijing, Shanghai, Wuhan and Chongqing.

The HKTDC conducted questionnaire surveys to collect views from Hong Kong enterprises participating in seminars organised by the HKTDC in collaboration with local Hong Kong organisations in these cities, as well as from other Hong Kong enterprises on the Mainland through electronic means (such as email and social software), with a view to understanding the challenges and overall business situation faced by them on the Mainland. More than 1 700 replies were received.

The findings of the questionnaire surveys show that Hong Kong enterprises have been affected by the epidemic in varying degrees, and major impacts include the high pressure to pay fixed costs such as rents and salaries, and the disruption in the logistics and supply chains, etc. More than half of the respondents would like to have more sharing and briefing sessions on the current policies. In addition, the surveyed enterprises would also like to have more support including in understanding market opportunities in different regions, as well as in

network expansion, sales channels development and liaison with relevant government authorities of the Mainland, etc. The findings of the surveys could facilitate the HKTDC in organising a series of activities and services under the Scheme to cater for the needs of enterprises in different sectors, including introduction and briefing of policies, visits to work sites and enterprises, etc.

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CONTROLLING OFFICER'S REPLY

SV-CEDB03

(Question Serial No. SV035)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

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

Programme: (6) Subvention: Hong Kong Trade Development Council

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

Director of Bureau: Secretary for Commerce and Economic Development

Question:

In comparing the estimated expenditures between the 14 overseas Hong Kong Economic and Trade Offices (ETOs) and the 50 offices set up by the Hong Kong Trade Development Council (HKTDC) around the world, please state the reasons why the estimated expenditure of ETOs is higher than that of the offices of HKTDC despite the smaller number of ETOs.

Asked by: Hon TSE Wai-chuen, Tony

Reply:

The overseas Hong Kong Economic and Trade Offices (ETOs) and the offices of the Hong Kong Trade Development Council (HKTDC) are different in terms of their functions, scope of work and geographical coverage, as well as staff establishment and resource requirements. Hence, their estimated expenditures cannot be directly compared.

The offices of HKTDC mainly serve the business community and are responsible for business promotion, including promoting Hong Kong's products and services, assisting Hong Kong's stakeholders such as traders, manufacturers and service providers who intend to extend their businesses into the markets in Mainland China or overseas, maintaining and expanding business connections, providing market information and value-added training, etc.

The ETOs are the official representatives of the HKSAR Government in countries under their purview, performing a wide range of functions. With the exception of the Geneva ETO^{Note 1}, the other ETOs handle bilateral affairs (including those on economic and trade, as well as cultural exchanges) between Hong Kong and countries under their purview. Every year, significant resources are allocated to ETOs to conduct and organise various activities on areas of external commercial relations, public relations and investment promotion, as well as attraction of businesses and talents.

The ETOs are committed to maintaining close communication and exchanges with the international community and overseas stakeholders in different sectors in countries under their purview (including government officials, think tanks, media organisations, academics, cultural and business groups and other key opinion leaders), promoting and explaining the HKSAR Government’s important policies and Hong Kong’s unique advantages under “One Country, Two Systems”, with a view to telling the good stories of Hong Kong and promoting economic and trade development between Hong Kong and overseas. In addition to regularly providing local stakeholders with the latest information on Hong Kong through newsletters and social media, the ETOs have direct dialogues with various local stakeholders, and meet with the media and take the initiative to publish articles to rebut biased reports and to set the record straight. The ETOs have been actively supporting and participating in various conferences and forums organised by the local governments, business organisations and groups, and assisting in arranging overseas visits by the Chief Executive and other HKSAR Government officials to establish and deepen networks with local sectors. They also organise and participate in various events in different cities, including concerts, dance performances and film festivals, so as to enhance publicity and promotion work.

In line with the “Competing for Talents and Enterprises” strategy and objective, the Government set up Dedicated Teams for Attracting Businesses and Talents (the Dedicated Teams) at 12 ETOs ^{Note 2} in December 2022 to support the work of the Office for Attracting Strategic Enterprises under the Financial Secretary’s Office and the Hong Kong Talent Engage in the Labour and Welfare Bureau, in providing facilitation services for the attraction of businesses and talents.

Note 1: The Geneva ETO represents Hong Kong, China in the World Trade Organization and the Trade Committee of the Organisation for Economic Co-operation and Development, and is mainly responsible for handling issues relating to these organisations. The work on bilateral economic and trade relations with Switzerland is handled by the Berlin ETO.

Note 2: The 12 Dedicated Teams have been set up in Bangkok, Berlin, Brussels, Dubai, Jakarta, London, New York, San Francisco, Singapore, Sydney, Tokyo and Toronto ETOs respectively. The Washington ETO is mainly responsible for liaising with the political circle in the United States, and the New York ETO is responsible for attracting businesses and talents in the eastern states of the United States.

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CONTROLLING OFFICER'S REPLY

SV-CEDB04

(Question Serial No. SV032)

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

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

Programme: (1) Commercial Relations

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

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Regarding the Dedicated Teams for Attracting Businesses and Talents set up by the SAR Government in 12 overseas Economic and Trade Offices, what are the differences between them and the original Investment Promotion Units in function, work focus and performance indicator?

Asked by: Hon LAI Tung-kwok

Reply:

To ensure expeditious implementation of the 2022 Policy Address (PA) initiatives of “competing for enterprises”, the Government has lost no time to realign its resources and manpower on investment promotion to put in place the new institutional setups on attracting overseas and Mainland enterprises and investments.

In December 2022, the Office for Attracting Strategic Enterprises (OASES) was set up in the Financial Secretary’s Office. The investment promotion arms in the 12 overseas Hong Kong Economic and Trade Offices (ETOs) were also transformed into the Dedicated Teams for Attracting Businesses and Talents (Dedicated Teams) at the same time with expanded and higher level of responsibilities of supporting the work of OASES led by the Financial Secretary and the Hong Kong Talent Engage under the Labour and Welfare Bureau, by providing facilitating service for the attraction of businesses and talents.

On attracting businesses, the Dedicated Teams play an important role in supporting OASES in proactively reaching out to high potential and representative strategic enterprises through various means and channels, to promote Hong Kong’s opportunities and advantages and to attract them to set up and expand their businesses in Hong Kong. The Dedicated Teams also provide support to the visit arrangements and marketing work of OASES.

The Dedicated Teams are staffed by investment promotion officers of Invest Hong Kong. The Government will keep in view the resource and manpower requirements of the Dedicated

Teams in taking forward the PA initiatives of “competing for enterprises” and consider seeking additional resources where necessary in accordance with the established mechanism.

Regarding key performance indicators (KPIs) for the Government’s investment promotion work, the Government undertakes in the 2022 PA to increase inward investment by attracting at least a total of 1 130 companies to set up or expand their operations in Hong Kong from 2023 to 2025, thereby bringing in direct investment of at least \$77 billion and creating at least 15 250 job opportunities. In addition, the Government has also set in the 2022 PA industry-specific KPIs for the innovation and technology sector. The Dedicated Teams’ investment promotion efforts in terms of project completion and generation are counted towards these KPIs.

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CONTROLLING OFFICER'S REPLY

SV-CEDB05

(Question Serial No. SV031)

Head: (160) Radio Television Hong Kong

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

Programme: (2) Public Affairs and General Television Programme

Controlling Officer: Director of Broadcasting (Eddie CHEUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Please provide the number of hours, staff establishment and expenditure involved of in-house produced programmes of Radio Television Hong Kong in 2022-23.

Asked by: Hon CHAN Hoi-yan

Reply:

Radio Television Hong Kong (RTHK) has all along been committed to providing a wide variety of broadcasting services through in-house produced programmes, live programmes, relayed programmes, acquired programmes, etc. In 2022-23, RTHK has a total revised estimate of \$626.2 million for Programme (2) Public Affairs and General Television Programme. The total hours of first-run programmes are 6 547, and about 3 100 of which are in-house produced programmes. As RTHK staff need to concurrently participate in the production workflows of different types of programmes involving work in programme production, dubbing, commentary, post-production and satellite signal reception etc., RTHK does not have breakdown information for staff establishment and expenditure merely for in-house produced programmes.

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