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Replies to initial questions raised by Legislative Council Members in examining the Estimates of Expenditure 2024-25

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Reply Serial No.

CEDB001

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2399)

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:

As mentioned in paragraphs 155 and 156 in the Budget Speech, 2 consultant offices will be set up in Turkey and Egypt this year to bring in foreign capital and enterprises, and the Hong Kong Trade Development Council (HKTDC) will also set up 2 consultant offices along the Belt and Road (B&R) to enhance trade promotion in emerging countries. In this connection, please inform this Committee of the following:

1. For the consultant offices to be set up in Turkey and Egypt, to which department will they belong and what are the staff establishment and expenditures involved?

2. For the 2 consultant offices along the B&R to be set up by the HKTDC, what are the selected places under initial consideration and what are the expected staff establishment and expenditures involved?

3. For the consultant offices mentioned above, what are the details of work plans and objectives on bringing in foreign capital or enhancing trade promotion?

Asked by: Hon CHAN Siu-hung (LegCo internal reference no.: 15)

Reply:

In view of the huge economic potential of the countries along the Belt and Road (B&R), Invest Hong Kong (InvestHK) will strengthen investment promotion work by setting up consultant offices along the B&R, especially emerging countries in the Middle East, Central Asia and Africa. InvestHK will set up consultant offices in Cairo, the capital of Egypt, and Izmir, the third largest city in Türkiye within 2024-25 to bring in capital and enterprises from high-potential emerging countries in the Middle East and North Africa respectively. The consultant offices will proactively work with InvestHK to implement the performance indicator as set out in the 2022 Policy Address (i.e. to attract at least a total of 1 130 companies to set up or expand their operations in Hong Kong from 2023 to 2025).

In addition, to continuously expand Hong Kong's economic and trade network and help Hong Kong companies tap into emerging markets, the Hong Kong Trade Development Council (HKTDC) will in 2024-25 set up additional consultant offices in Dhaka, the capital city of Bangladesh and Phnom Penh, the capital city of Cambodia, to strengthen trade promotion in emerging countries. HKTDC will also proactively organise outbound missions and exchange activities, to better contribute to the high-quality development under the B&R Initiatives.

Setting up the above-mentioned 4 consultant offices will incur an estimated annual expenditure of around $4.65 million.

- End -

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CONTROLLING OFFICER'S REPLY | **CEDB002**

(Question Serial No. 1598)

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

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

Programme: (3) Telecommunications

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

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Encourage the Telecommunications Industry to Invest in Infrastructure

As mentioned in the latest Policy Address, the 5G networks in rural areas would be enhanced. Would the Government inform this Committee of the follow-up actions featured in the Budget?

Asked by: Hon CHAN Yuet-ming (LegCo internal reference no.: 22)

Reply:

Given the vast geographical span in rural and remote areas, mobile network coverage is susceptible to environmental complexity (such as topography or mountainous terrain, etc.). To enhance the mobile network infrastructure in rural and remote areas, the Government will proactively co-ordinate with mobile network operators (MNOs) and explore the feasibility of providing subsidies to enhance the mobile network coverage in these areas so as to improve the quality of life and safeguard the safety of activities in the rural areas.

Considering that the installation of radio base stations in rural and remote areas involves the handling of various technical issues (such as power supply facilities, loading constraints and road excavation for rollout of fibre-based networks, etc.), we are now conducting the detailed preparatory work for the implementation of the programme, including drawing up the eligibility of participating MNOs, proposed areas and scope of coverage, number of mobile network facilities to be constructed, implementation timetable, funding mechanism and amount, etc. We plan to conduct an industry consultation this year to finalise the detailed arrangements for implementing the programme. The above work will be carried out with existing resources.

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB003

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0626)

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:

It is mentioned in the Budget that the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) would be continuously enhanced.

1. Regarding the plan to raise the cumulative funding ceiling per enterprise and streamline application procedures, what are the specific details? Are there any enhancements to enable the entire application procedures to go electronic?

2. In 2024-25, what are the respective numbers of small and medium enterprise (SMEs) expected to apply for the Fund and be granted funding support? What will be the amount of funding to be approved?

3. What are the specific details of the new "E-commerce Easy"? In what way will it help SMEs enhance their competitiveness and tap into the e-commerce market in the Mainland?

Asked by: Hon CHEN Chung-nin, Rock (LegCo internal reference no.: 32)

Reply:

The Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) provides funding support for enterprises to develop business in 39 economies with which Hong Kong has signed free trade agreements and/or investment promotion and protection agreements. To further strengthen the support for enterprises in exploring more diversified markets, the Government raised the cumulative funding ceiling per enterprise under the BUD Fund twice in the past 3 years from $4 million to $6 million in July 2021, and further to $7 million in November 2022.

On enhancing the arrangements for funding application, the Government has since 2020 provided online application service to facilitate the submission of applications by enterprises. The Government has also simplified the application form and redesigned the webpage of the BUD Fund to provide graphic illustration of the application procedures, frequently asked questions, application tips and short videos on success stories, etc., so that enterprises can obtain simple and clear information on application that could help them formulate project plans.

The Government launched “Easy BUD” in June 2023 to expedite the vetting of applications involving designated measures with a funding amount of $100,000 or below. Under “Easy BUD”, the application form, the requirements for supporting documents and the vetting arrangements have been simplified. The processing time of an application has also been significantly reduced by half to completion within 30 working days as compared with the 60-working-day performance pledge for general applications of the BUD Fund.

We expect that “E-commerce Easy” will be launched in July 2024, which enables SMEs to make use of the $1 million funding ceiling of a single project flexibly for implementing electronic commerce projects on the Mainland within the cumulative funding ceiling of $7 million per enterprise. The project measures that could be funded will include the establishment of online stores and placement of advertisements on third-party online sales platforms, and the incorporation of online payment options on the websites of enterprises, etc.

We expect that, after the launch of “E-commerce Easy”, 5 510 applications will be received under the BUD Fund in 2024 and the estimated funding amount approved will be around $1.24 billion.

- End -

(Question Serial No. 0790)

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:

As regards the continuous promotion of the further development of wine-related businesses in Hong Kong, please advise:

(1) What were the annual volumes of wine being imported and exported, their respective value and the changes in such figures in each of the past 3 years (i.e. 2021, 2022 and 2023)?

(2) How will the Government help promote wine trade this year?

Asked by: Hon CHEUNG Yu-yan, Tommy (LegCo internal reference no.: 25)

Reply:

The Government exempted the wine duty in 2008, with a view to unleashing the potential of wine-related businesses and benefitting the economy. Hong Kong has since become a regional wine trading and distribution hub and one of the largest wine auction centres in the world.

According to the Census and Statistics Department, the wine trading figures from 2020 to 2022 for Hong Kong are as follows:

Imports

Year	Total Value ($ hundred million)	Year-on-year Change	Total Volume (ten million litre)	Year-on-year Change
2023	76	-5.0%	3.1	-10.8%
2022	80	-24.7%	3.5	-10.3%
2021	106	+41.2%	3.9	+12.4%

Re-exports

Year	Total Value ($ hundred million)	Year-on-year Change	Total Volume (ten million litre)	Year-on-year Change
2023	29	+26.0%	1.1	+35.0%
2022	23	+45.1%	0.8	-19.9%
2021	16	+77.4%	1.0	+54.1%

We will continue to co-ordinate and encourage the relevant bodies to organise wine-related trade and investment activities, including the Hong Kong International Wine & Spirits Fair organised by Hong Kong Trade Development Council (HKTDC). HKTDC would continue to assist the industry in exploring potential markets not only in the Mainland, but also those in the region. The Hong Kong Quality Assurance Agency would also continue to operate its wine registration and wine storage certification schemes that would help showcase Hong Kong traders' reputation.

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB005

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1713)

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:

The Government has earmarked $45 million to support the Hong Kong Productivity Council in establishing and operating the World Intellectual Property Organisation Technology and Innovation Support Centre (TISC), which is expected to commence operation next year at the earliest. In this connection, will the Administration inform this Committee of:

(1) the type of specialised services to be provided by the TISC and the fields of professions to be involved;

(2) the mechanism to determine the levels of fees for various services;

(3) the estimated annual expenditure and manpower involved in the operation of the TISC and whether admission of Mainland and overseas talents is necessary; and

(4) the specific goals that the government intends to achieve with the establishment of the TISC in respect of protecting scientific research results, nurturing local innovation and technology talent well versed in patent knowledge and promoting intellectual property trading?

Asked by: Hon CHIU Duncan (LegCo internal reference no.: 11)

Reply:

Under the World Intellectual Property Organization (WIPO) Technology and Innovation Support Centre (TISC) dedicated programme, WIPO will support participating member states to establish TISCs which serve to provide consultation services to researchers and innovators with a wide range of information including patent utilisation, search analysis, technology transfer, intellectual property (IP) management and commercialisation, etc.. The TISC can support researchers and innovators at different stages of the innovation cycle, helping them make use of the IP system (especially by means of patents) to protect their inventions and guiding them to bring the technology to market.

More than 100 TISCs have been established in the Mainland under this dedicated programme. We will respond positively by making a recommendation to the China National Intellectual Property Administration (CNIPA) for establishing a TISC in Hong Kong, thus enabling Hong Kong to better integrate into overall national development.

The establishment of TISC requires the approval of WIPO and CNIPA. During this year, the Intellectual Property Department (IPD) will liaise closely with CNIPA and the Hong Kong Productivity Council (HKPC) so as to let the HKPC commence the preparatory work in accordance with the prevailing implementation procedures on establishing TISC promulgated by CNIPA. Upon the evaluation and granting of the WIPO TISC status by WIPO and CNIPA, it is anticipated that Hong Kong's TISC will commence operation by 2025 the earliest.

The IPD has conducted preliminary discussions with the HKPC on the resources required for the establishment and operation of the TISC in the first 3 years. The Government's commitment to the project for the 5 financial years from 2024-25 to 2028-29 is approximately $45 million according to current estimates. The funding is reserved for the various expenses for the establishment and operation of the TISC, including salaries, rent, office equipment, infrastructure building (including development of information technology systems and websites, connection to databases, etc.), consultancy fees and other administrative expenses. The IPD will further discuss with the HKPC in order to prepare the recommendation documents, as well as to formulate and finalise the overall work plan and detailed implementation arrangements, including the manpower involved, detailed service content, resources borne by the HKPC, timetable for the establishment and key performance indicators, etc.

Upon its establishment and operation, the TISC is expected to provide local small and medium-sized enterprises, start-ups and entrepreneurs with high-quality IP (especially patents) information and services, and assist them in exploring their innovation potential on the one hand, and creating, protecting, managing and commercialising their IP on the other hand. It will not only protect research and development (R&D) outcomes, but also promote IP trading, thus consolidating Hong Kong's position as a regional IP trading centre. Local innovation and technology (I&T) talents can also make use of the services provided by the TISC and apply the professional knowledge they acquired to various innovation processes such as R&D, patent application, and transformation of outcomes. Separately, the services of the TISC require staff to possess specialised technical credentials and background, as well as IP knowledge (especially on patents). While the HKPC is responsible for the deployment and recruitment of the necessary manpower, the IPD also plans to deploy its patent examiners to the TISC to work with TISC staff to promote patent knowledge and assist in providing relevant information on patent application strategies, operation of the industry, I&T trends, etc., so that the patent examiners can better understand the market trends and needs. This will be greatly beneficial to the exchange of professional knowledge on patent examination and industry support. We currently do not see the need of recruiting relevant professionals from the Mainland or overseas.

According to CNIPA's service requirements for TISC, most of the services to be provided by Hong Kong's TISC will be free basic services. The IPD will further discuss with the HKPC on the provision of enhanced services, including the service scope and charging arrangements.

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Reply Serial No.

CEDB006

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1715)

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:

The Government will allocate an additional funding of about $12 million in total to the Intellectual Property Department (IPD) over the next 3 years, to prepare for the introduction of regulatory arrangements for local patent agent services. The aim is to enhance the professionalism and support the development of the original grant patent system. In this connection:

(1) How will the IPD utilise the funding in the next 3 years?

(2) What is the earliest date that the regulatory arrangements for local patent agent services is expected to be put in place? What kinds of professionals will be involved to implement the arrangements and their respective numbers?

(3) What is the current strength of the IPD's patent examiner team? Is it necessary to increase its manpower to cater for the future introduction of the regulatory arrangements? Has a timetable been formulated for strengthening the patent examiner team?

Asked by: Hon CHIU Duncan (LegCo internal reference no.: 13)

Reply:

To ensure that Hong Kong's patent system can continue to meet current needs, and support Hong Kong's development into an innovation and technology hub in the region and a regional intellectual property trading centre, the Chief Executive has announced in the 2023 Policy Address that the Government will take the lead in discussing with stakeholders to plan for the introduction of regulatory arrangements for local patent agent services, covering professional qualification requirements and registration, as well as the regulatory model and framework, with the aim of enhancing service quality and nurturing talents.

Introducing appropriate regulation for patent agent services is to ensure that patent agents have sufficient professional knowledge and application capabilities in patent law and related technologies to represent their clients under the "original grant patent" (OGP) system and be competent in patent agency-related work (including drafting patent specifications and claims, answering technical inquiries raised by examiners on the patentability of inventions, providing professional advice on patent validity and infringement matters, etc.), thereby establishing locally a professional patent team as a complementary component to the long-term development of the OGP system. According to estimates by the Intellectual Property Department (IPD), there are currently around 100 local patent practitioners.

The IPD will be allocated an additional funding of about $12 million in total over the next 3 financial years (i.e. 2024-25 to 2026-27). During the period, the IPD will redeploy its solicitors and patent examiners internally, and use the allocated additional resources to hire contract staff (including project officers and supporting staff) and meet related office and administrative expenses, so as to establish a dedicated team to carry out the relevant work without expanding its civil service staff establishment.

The IPD is examining the various key issues regarding the introduction of regulatory arrangements, and plans to consult various stakeholders through the proposed industry consultation group and other appropriate channels within this year, with a view to forgoing consensus within the trade on various key issues, in order to conduct policy analysis and formulate appropriate regulatory arrangements, including specific implementation plan and timetable.

Under the OGP system, patent talents also include patent examiners working in the Patents Registry. They are responsible for processing patent applications and conducting substantive examination of scientific inventions under application to determine whether the applications meet the statutory requirements for granting patents. In March 2024, the OGP examination team of IPD has a total of 29 examiners, with establishment covering the 3 major technical fields of electricity, chemistry and mechanical engineering. The IPD has been allocated a total of around $84 million over the 3 financial years from 2022-23 to 2024-25 for employing and nurturing more patent examiners and gradually enhancing OGP examination capabilities. The medium-term goal is to expand the patent examination team to about 40 examiners in 2025. In the long term, the IPD will strive to gradually establish a team of about 100 examiners and acquire institutional autonomy in conducting substantive patent examination in 2030.

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB007

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1724)

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:

The Budget has proposed to inject $500 million more into the BUD Fund to help small and medium enterprises boost their competitiveness and tap into Mainland and overseas markets. This includes the launch of "E-commerce Easy" under the fund. It will provide support of up to $1 million per enterprise for implementing e-commerce projects in the Mainland. In connection with the launch of "E-commerce Easy", what are the objectives and specific arrangements, including application eligibility and restrictions, criteria and mechanism for vetting and approving applications, monitoring mechanism, the soonest possible date of its official launch and the estimated number of enterprises to be benefitted?

Asked by: Hon CHIU Duncan (LegCo internal reference no.: 22)

Reply:

The Financial Secretary announced in the 2024-25 Budget the further injection of $500 million into the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund), thereby increasing its total commitment to $7 billion, for sustaining its operation, as well as for introducing "E-commerce Easy" in view of the vibrant development of the Mainland electronic commerce (e-commerce) market and the enormous potential of the domestic sales market. We expect that "E-commerce Easy" will be launched in July 2024, which enables small and medium enterprises (SMEs) to make use of the $1 million funding ceiling of a single project flexibly for implementing e-commerce projects on the Mainland within the cumulative funding ceiling of $7 million per enterprise. The project measures that could be funded will include the establishment of online stores and placement of advertisements on third-party online sales platforms, and the incorporation of online payment options on the websites of enterprises, etc.

All enterprises eligible to apply for the BUD Fund can apply for "E-commerce Easy" to be launched. As at end February 2024, there have been more than 5 100 enterprises benefitting from the BUD Fund. We expect that the number of applications and the funding amounts approved will increase after the launch of "E-commerce Easy".

To ensure proper use of the public money, the Government has established stringent vetting procedures for the BUD Fund to guard against any misuse of funds or fraudulent claims, including setting up a Programme Management Committee (PMC) with members from the business sectors and SME associations for overseeing the implementation of the BUD Fund and approving its applications. The Programme Secretariat of the BUD Fund, i.e. the Hong Kong Productivity Council, will conduct initial vetting of applications and relevant supporting documents submitted by enterprises in accordance with the established procedures and the eligibility and funding criteria specified in the Guide to Application. The applications will then be vetted by an Inter-departmental Committee comprising representatives from relevant government departments, which will then submit its recommendations to PMC for consideration and approval.

PMC will also monitor the implementation of the approved projects. The Programme Secretariat will first review the project reports submitted by the enterprises after the completion of the projects and audit their accounts when necessary, and will conduct on-site inspections based on actual circumstances and needs. The final payments of projects will only be disbursed upon PMC's acceptance of the project reports.

If any application or approved project is suspected to involve illegal activities in obtaining funding, such cases will be referred to law enforcement agencies for handling.

- End -

CEDB008

CONTROLLING OFFICER'S REPLY

(Question Serial No. 3229)

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:

The Government continued to work on the planning for new convention and exhibition facilities to maintain and consolidate the international status of Hong Kong's convention and exhibition industry. In this regard, the services provided in the existing 3 government towers in Wan Chai have been/are being relocated to 9 replacement buildings at different locations. The Government anticipates that the construction works of all replacement buildings will be completed in 2026, while the reprovisioning of the Kong Wan Fire Station will be completed in 2027. Please advise:

1. What is the latest progress of the entire project for the new convention and exhibition site?

2. What is the latest project timetable?

3. What is the specific business situation of the convention and exhibition industry in recovery following the post-pandemic full resumption of normal travel? Please explain with specific annual data on the number, list, exhibitors' number and attendance rate in relation to the conventions and exhibitions held in the last 5 years, together with the number of applications under the Incentive Scheme for Recurrent Exhibitions.

Asked by: Hon CHOW Ho-ding, Holden (LegCo internal reference no.: 6)

Reply:

The Government is proceeding with the project of redeveloping the sites of the Wan Chai Government Offices Compound (WCGOC), Gloucester Road Garden and the Kong Wan Fire Station in Wan Chai north into C&E facilities, hotel and Grade A offices. After the redevelopment, there will be an additional 30 000 square metres of rentable C&E spaces. The Government anticipates that the construction works of all replacement building projects under the WCGOC relocation exercise will be completed by 2026, while the reprovisioning of the Kong Wan Fire Station will be completed by 2027. We will take forward the Wan Chai North Redevelopment project after the sites have been vacated. We estimate that the Wan Chai North Redevelopment project will be completed in 2034 at the earliest.

Statistics such as the scale of and the number of participants attending convention and exhibition (C&E) events are commercial information, which the organisers do not have to report to the Government, and thus we do not have the respective numbers. According to the industry's assessment, the C&E industry is returning to 70% to 80% of pre-pandemic levels.

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB009

CONTROLLING OFFICER'S REPLY

(Question Serial No. 3249)

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:

The 8th Belt and Road Summit (the Summit) organised by the Hong Kong Special Administrative Region Government attracted nearly 6 000 delegates from the B&R related countries and regions, including official representatives of more than 10 countries and a number of prominent international business leaders as well as over 100 delegations and above 35 state-owned enterprises from the Mainland, a record high over the past summits. In this connection, will the Government advise this Committee on:

1. the amount of resources expected to be allocated and the additional manpower be employed for holding the 9th Summit so as to sustain the fruitful results achieved in the 8th Summit;

2. the amount of resources to be earmarked for the publicity of the Summit, with a view to raising the awareness of the local commercial and industrial sectors as well as the public on the event; and

3. whether statistics have been compiled on the number of participating overseas enterprises and guests that have made investment of more than HK$30 million in any new investment projects in Hong Kong over the past 2 years; if yes, the details; if no, the reasons?

Asked by: Hon CHOW Ho-ding, Holden (LegCo internal reference no.: 26)

Reply:

Hong Kong has been organising the Belt and Road Summit (the Summit) annually since 2016, and the Summit has now established itself as the largest and most important international commerce, investment and business platform for promoting collaboration of Hong Kong, Mainland and overseas enterprises. As a highlight of the 10th anniversary of the Belt and Road (B&R) Initiative, the 8th Summit held on 13-14 September 2023 attracted more than 100 delegations and around 6 000 senior government officials, business leaders and representatives of enterprises from over 70 B&R-related countries and regions, surpassing all past editions.

In 2024, the Commerce and Economic Development Bureau will continue to build up the 9th Summit as one of the signature events. We plan to organise the 9th Summit on 11-12 September, and will further expand the breadth and depth of the Summit. We will launch the new "Belt and Road Festival" in September this year, with a view to furthering Hong Kong's collaboration with B&R countries in a wide range of areas including trade and investment, technology, arts and culture, talent exchanges, etc., to act as an important bridge to showcase achievements of people-to-people exchanges and promote people and cultural exchanges and collaboration. We will continue to promote Hong Kong's participation in and contribution to the B&R Initiative through diversified channels, with a view to enhancing the understanding of the B&R Initiative among various sectors of the community, as well as encouraging active collaboration and participation in the B&R Initiative by enterprises, professional services bodies and young people.

We do not have statistics on investments in Hong Kong made by participants or enterprises of the Summit along the years. The related investments are commercial activities of the individuals or enterprises. In the 8th Summit held last year, 805 one-on-one business matching sessions were arranged for more than 280 projects, with 21 Memoranda of Understanding signed, covering a wide range of co-operations.

In 2024-25, the estimated overall expenditure of the Belt and Road Office will be about $39.17 million. The manpower and expenditure for the above mentioned various measures have been subsumed under the overall estimated establishment and expenditure, and cannot be quantified separately.

- End -

CEDB010

CONTROLLING OFFICER'S REPLY

(Question Serial No. 3250)

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:

It is mentioned in the Estimates that the Government will organise more outbound missions for Hong Kong and Mainland enterprises to promote Hong Kong's professional services and jointly explore business opportunities in Belt and Road (B&R)-related countries and regions. Besides, it will also organise B&R visits to the Greater Bay Area (GBA) for overseas enterprises to promote Hong Kong as the service base for tapping into the Mainland market opportunities. In this connection, will the Government inform this Committee of:

1. the total number of the outbound missions and visits to the GBA organised by the Government last year, with details provided in tabular form; and

2. the specific plan and timetable regarding the outbound missions and visits to be organised by the Government in the coming year, set out in a table.

Asked by: Hon CHOW Ho-ding, Holden (LegCo internal reference no.: 27)

Reply:

In 2023, the Belt and Road Office (BRO) organised a total of 3 delegations to Belt and Road (B&R) countries and the Mainland, details as follows:

Date	Places Visited	Event Details and Results
4-11 February 2023	Saudi Arabia and United Arab Emirates (UAE)	The Chief Executive (CE) led a high-level delegation with more than 30 representatives from various sectors to visit Saudi Arabia and the UAE to meet with local political and business leaders, visit local enterprises, and attend forums and exchange activities to promote Hong Kong's unique advantages. Members of the delegation include

Date	Places Visited	Event Details and Results
		the Secretary for Commerce and Economic Development (SCED) and the Acting Commissioner for Belt and Road (CBR). Hong Kong and enterprises and institutions of Saudi Arabia and the UAE signed a total of 13 high quality Memoranda of Understanding or Letters of Intent, building a solid foundation for the long-term development of Hong Kong businesses in the Middle East region, while simultaneously attracting local businesses and capital to invest in Hong Kong. The related enterprises and organisations continued to closely liaise with the local counterparts and entered into 16 additional projects for co-operation after the delegation had returned to Hong Kong.
16-19 October 2023	Beijing	The CE led a close to 70-strong HKSAR delegation comprising senior government officials and representatives from various sectors to fully and actively participate in the 3rd Belt and Road Forum (the Forum) for International Cooperation. Members of the delegation include SCED and CBR. The delegation attended sessions of all the 10 events of the Forum, with the CE and 15 members being invited to speak at the events or to host panel discussions. The Forum featured a dedicated Hong Kong Chapter in the thematic forum on sub-national co-operation to share with guests from various places Hong Kong's achievement and contribution in such areas as international economic, trade and social development, as well as the unique role of Hong Kong as the functional platform for the B&R Initiative.
4-5 December 2023	Shenzhen and Guangzhou	SCED led a business delegation of a total of 20 representatives from 15 enterprises of B&R countries operating in Hong Kong to visit the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) to meet with Mainland enterprises as well as to exchange with local government agencies or relevant organisations. Members of the delegation include CBR. This mission integrated the two important national development strategies of the B&R Initiative and the GBA development, with the aim of promoting Hong Kong as the service base for entry into the Mainland market, thereby fully demonstrating Hong Kong's distinctive role in connecting the Mainland and the rest of the world. 4 enterprises respectively signed a Memorandum of Understanding with the Belt and Road Environmental Technology Exchange and Transfer

Date	Places Visited	Event Details and Results
		Center (Shenzhen), laying a good foundation for further co-operation in promoting green development.

In the coming year, the BRO will organise a number of outbound missions, including a joint mission with the Ministry of Commerce, to explore new B&R market opportunities together with Mainland enterprises, as well as to assist Hong Kong enterprises and professionals to tap more overseas business opportunities.

Furthermore, the BRO plans to join hands with the Office for Attracting Strategic Enterprises, Invest Hong Kong and the Hong Kong Talent Engage, etc., to organise small-scale missions to the Association of Southeast Asian Nations countries, among other places, with specific sectors of professional services invited as fit, to further cultivate these B&R markets. The BRO also plans to continue to organise visits for enterprises of B&R countries in Hong Kong to visit the Mainland using Hong Kong as the service base.

- End -

CONTROLLING OFFICER'S REPLY

(Question Serial No. 3256)

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 SME Financing Guarantee Scheme (SFGS), will the Government inform this Committee of the following:

1. with respect to the Special 100% Loan Guarantee since the launch of the SFGS, i) the total number of applications received; ii) the number of applications approved and the total amount; and iii) the latest number of default cases and the total amount. Please provide the information in tabular form.

2. as the application period of the 80% Guarantee Product and the 90% Guarantee Product under the SFGS has been extended for 2 years to end-March 2026, their latest figures on the number of applications approved, the number of default cases and the total amount involved.

Asked by: Hon CHOW Ho-ding, Holden (LegCo internal reference no.: 33)

Reply:

The Special 100% Guarantee Product of the SME Financing Guarantee Scheme (SFGS) was launched in 2020. The application and default figures as at end February 2024 are as follows:

	Special 100% Guarantee Product
Number of Applications Received	71 830
Number of Applications Approved	66 151
Total Loan Amount of Approved Applications ($)	140.72 billion
Cumulative Number of Default Cases	4 533
Cumulative Loan Guarantee Amount of Default Cases ($)	9.59 billion

The 80% and 90% Guarantee Products of the SFGS were launched in 2012 and 2019 respectively. The application and default figures as at end February 2024 are as follows:

	80% Guarantee Product	**90% Guarantee Product**
Number of Applications Approved	25 714	11 357
Cumulative Number of Default Cases	1 639	340
Cumulative Loan Guarantee Amount of Default Cases ($)	3.75 billion	0.38 billion

- End -

CEDB012

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0400)

Head:	(152) Government Secretariat: Commerce and Economic Development Bureau
Subhead (No. & title):	(000) Operational expenses
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:

It is mentioned in the Matters Requiring Special Attention in 2024-25 under this Programme that the Bureau will, among others, continue to monitor developments on various regional economic integration initiatives and explore opportunities for Hong Kong's participation, including seeking early accession to the Regional Comprehensive Economic Partnership (RCEP). In this connection, will the Government advise this Committee:

1. of the specific work done on seeking accession to the RCEP, and the manpower and expenditure involved over the last year; and

2. of the latest progress on Hong Kong's accession to the RCEP up to now, whether it is anticipated that Hong Kong will have the opportunity to gain accession to the RCEP in the coming year, and the manpower and estimated expenditure of the relevant work?

Asked by: Hon CHOW Man-kong (LegCo internal reference no.: 35)

Reply:

Upon the entry into force of the Regional Comprehensive Economic Partnership (RCEP) [Note] on 1 January 2022, the HKSAR Government has immediately submitted Hong Kong's formal accession request, and actively made use of various regional fora and at different levels and occasions to reiterate Hong Kong's keen interest in joining RCEP. Responses have been positive. For example, in July 2023, the Chief Executive personally led a high-level delegation to the ASEAN, visiting Singapore, Indonesia and Malaysia. He met with the leaders of these three countries and had exchanges with the Secretary-General of ASEAN and local business leaders, with an aim to showing appreciation for ASEAN's steadfast support for Hong Kong's accession to RCEP. Thereafter, the Secretary for Commerce and Economic Development (SCED) co-chaired with the Indonesian Minister of Trade the 7th ASEAN Economic Ministers (AEM)-Hong Kong, China Consultation in August 2023 in Indonesia. At the meeting, AEM noted the value and important contributions that Hong

Kong would bring upon its prospective accession to RCEP, and positively welcomed Hong Kong's accession request. In addition, in January 2024, the Trade and Industry Department (TID), in conjunction with Invest Hong Kong and the Hong Kong Trade Development Council, organised a luncheon with the theme of fostering trade and economic ties between Hong Kong and ASEAN. SCED attended and chaired the proceedings. Over 100 guests from the public and business sectors were in attendance, including the Consuls-General of RCEP members, representatives of their chambers of commerce and local chambers. The attendees expressed support for Hong Kong's early accession to RCEP in order to further drive regional trade and economic development. Concurrently, TID and relevant overseas Hong Kong Economic and Trade Offices (ETOs) have continued to maintain close liaison with the trade and economic departments of RCEP members to foster favourable conditions for the early accession of Hong Kong to RCEP.

According to the understanding of the HKSAR Government, RCEP members have yet to conclude their discussions on the accession procedures for new members. The HKSAR Government will continue to seek early commencement of negotiations and discussions with RCEP member economies and strive to forge consensus from various sectors in supporting Hong Kong's accession to RCEP.

As the above work is conducted with the existing manpower and is a part of the regular duties of the Commerce and Economic Development Bureau, TID and the respective ETOs, the expenditure has been subsumed under the overall estimated expenditure and cannot be quantified separately.

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

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB013

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0401)

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

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

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:

The Budget has proposed to further inject $500 million into the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) for uses including the launch of "E-commerce Easy" under the fund to provide support of up to $1 million per enterprise. It is stated in the Programme that Matters Requiring Special Attention in 2024-25 include continuing the implementation of the enhanced BUD Fund and taking forward e-commerce projects on the Mainland under the new "E-commerce Easy". In this connection, will the Government inform this Committee of:

1. the numbers of applications received and approved under the BUD Fund in the past 3 years, as well as the total amount of funding involved each year;

2. the number of enterprises under the BUD Fund having used up the funding ceiling in terms of the cumulative funding approved and number of funded projects, as well as the number of funded enterprises and their percentage shares according to the cumulative funding approved (1 level for every million dollars); and

3. the Government's plan and details for launching "E-commerce Easy", as well as the estimated additional manpower and expenditure required?

Asked by: Hon CHOW Man-kong (LegCo internal reference no.: 36)

Reply:

The implementation of the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) in the past 3 years is as follows:

	2021	2022	2023
Number of applications received Note	2 580	2 637	4 739
Number of applications approved	894	1 342	1 706
Amount of funding approved	$631 million	$960 million	$1.153 billion

Note: Applications received may not be processed in the same year. The figures include applications that could not be processed owing to incomplete information and those withdrawn voluntarily by enterprises afterwards.

As at end February 2024, among the 5 112 beneficiary enterprises of the BUD Fund, only 1 has fully utilised the cumulative funding ceiling of $7 million. The distribution of the beneficiary enterprises' cumulative funding amounts approved is as follows:

Cumulative funding amounts approved	Number of beneficiary enterprises (%)
Below $1 million	3 837 (75.1%)
$1 million or above to below $2 million	980 (19.2%)
$2 million or above to below $3 million	203 (4.0%)
$3 million or above to below $4 million	55 (1.1%)
$4 million or above to below $5 million	21 (0.4%)
$5 million or above to below $6 million	11 (0.2%)
$6 million or above to below $7 million	4 (0.1%)
$7 million	1 (0.02%)
Total	**5 112**

The Financial Secretary announced in the 2024-25 Budget the further injection of $500 million into the BUD Fund, thereby increasing its total commitment to $7 billion, for sustaining its operation and introducing "E-commerce Easy". We expect that "E-commerce Easy" will be launched in July 2024, which enables small and medium enterprises to make use of the $1 million funding ceiling of a single project flexibly for implementing electronic commerce (e-commerce) projects on the Mainland within the cumulative funding ceiling of $7 million per enterprise. The project measures that could be funded will include the establishment of online stores and placement of advertisements on third-party online sales platforms, and the incorporation of online payment options on the websites of enterprises, etc.

The manpower and expenditure of the Commerce and Economic Development Bureau and the Trade and Industry Department for implementing the BUD Fund (including "E-commerce Easy") have been subsumed under the respective overall establishment and estimated expenditure, and cannot be quantified separately. The estimated expenditure of the BUD Fund (including "E commerce Easy") in 2024-25 is $1.195 billion, including the manpower and other fees provided to the Hong Kong Productivity Council as the Programme Secretariat for implementing the BUD Fund, as well as disbursements to grantees.

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB014

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0402)

Head:	(152) Government Secretariat: Commerce and Economic Development Bureau
Subhead (No. & title):	(000) Operational expenses
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 proposed under the Programme that, among the matters requiring special attention in 2024-25, Hong Kong Shopping Festivals be launched on e-commerce platforms to promote awareness of Hong Kong brands for developing the national domestic sales market. In this connection, will the Government inform this Committee of the following:

1. the plans and latest progress of relevant work as well as the manpower and expenditure involved; and
2. the estimated number of enterprises and Hong Kong brands that can benefit in the coming year?

Asked by: Hon CHOW Man-kong (LegCo internal reference no.: 37)

Reply:

The Hong Kong Shopping Festival, to be organised on electronic commerce (e-commerce) platforms by the Commerce and Economic Development Bureau (CEDB) through the Hong Kong Trade Development Council (HKTDC), will be held in the third quarter of 2024 to enable small and medium enterprises to leverage the advantages of "high traffic flow" and "massive customer base" of these platforms to promote awareness of Hong Kong brands for developing the Mainland domestic sales market. HKTDC is liaising with different e-commerce and social media platforms with high volume of user traffic for the preparation, and will actively encourage and promote Hong Kong enterprises and brands to participate in the Hong Kong Shopping Festival.

The manpower and expenditure of CEDB and HKTDC for organising the Hong Kong Shopping Festival have been subsumed under the respective overall establishment and estimated expenditure, and cannot be quantified separately.

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB015

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1983)

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:

As shown under Programme (2), there is an increase of 56.7% in the estimated expenditure on commerce and industry for the new financial year to consolidate Hong Kong's role as an international trade centre under the National 14th Five-Year Plan. In this connection, please inform this Committee of the following:

1. Following the substantial revision of the estimated expenditure for the provision under this Programme in the last financial year, what are the returns from the funds so allocated? Has the effectiveness been assessed?

2. On the Incentive Scheme for Recurrent Exhibitions, what are the latest application position, the amount of funding approved, and the number and details of beneficiary enterprises?

3. On the Original Grant Patent system, what is its effectiveness in attracting enterprises to conduct research and development in Hong Kong? Are there any plans to set aside resources to nurture local patent agents and to draw up performance indicators for the subsequent work of Hong Kong's autonomous patent examiner team, with a view to achieving the intended policy objective of acquiring institutional autonomy in conducting substantive patent examination in 2030?

Asked by: Hon FOK Kai-kong, Kenneth (LegCo internal reference no.: 13)

Reply:

The 2023-24 revised estimate under Programme (2) Commerce and Industry is \$3.1567 billion (556.4%) higher than the original estimate, while the 2024-25 estimate is \$2.1101 billion (56.7%) higher than the 2023-24 revised estimate. Most of the increased provisions (more than 99% and 90% respectively) have been allocated under the SME

Financing Guarantee Scheme (SFGS) – Guarantee Products, mainly due to the expected increase in the cash flow requirement of the SFGS in 2023-24 and 2024-25.

The Government provides loan guarantees to enterprises through the SFGS, and launched the 80% and 90% Guarantee Products in 2012 and 2019 respectively to help small and medium enterprises (SMEs) obtain commercial loans. To assist enterprises hard hit by the epidemic in coping with cash flow problems, the Government launched in April 2020 the time-limited Special 100% Guarantee Product under the SFGS to provide low-interest concessionary loans to SMEs. HKMC Insurance Limited (HKMCI) is responsible for administering and managing the SFGS.

Since its launch in 2012, the SFGS has been well-received by enterprises. As at end February 2024, more than 100 000 applications have been approved, involving a total of over $274 billion of loans, benefitting over 61 000 enterprises and about 780 000 employees in total.

Having regard to the economic situation of Hong Kong and the needs of SMEs, the Government keeps on enhancing the SFGS, including extending the application period for the Special 100% Guarantee Product several times, from initially 6 months to 47 months, until end March 2024. The Financial Secretary announced in the 2024-25 Budget the extension of the application period for the 80% and 90% Guarantee Products under the SFGS for 2 years to end March 2026.

As at end February 2024, the cumulative default rates of the 80%, 90% and Special 100% Guarantee Products under the SFGS were about 4.2%, 2% and 6.8% respectively, lower than the assumed overall default rates (12%, 16% and 25% respectively). To handle all the existing and new applications as well as the expected default situation of the SFGS, the Government needs to increase the estimated cash flow requirement in 2023-24 and 2024-25 accordingly, so as to cater for the relevant expenses of the various guarantee products. These include payments of originating fee in respect of the Special 100% Guarantee Product to the participating lending institutions, payments to HKMCI to cover the administrative costs and the necessary out-of-pocket expenses to be incurred as well as the default claim payments. Nevertheless, the actual expenses and the default rates of the SFGS are subject to change having regard to the number of applications, the overall economic environment and the operational situation of individual borrowing enterprises.

The Government and HKMCI will continue to monitor the situation closely.

During the eight-month period since the launch of the $1.4-billion Incentive Scheme for Recurrent Exhibitions from 1 July 2023 to 29 February 2024, a total of 62 applications for completed events have been approved, exceeding our target of providing incentives to more than 200 exhibitions over the three-year period of the Scheme on a pro-rata basis. These exhibitions involved a total incentive of $287 million, and attracted around 82 000 exhibitors and over 1.36 million buyers.

The Government strongly supports research and development (R&D) and promotes innovation and technology (I&T) development, in which the supporting role played by the patent system is indispensable. The "original grant patent" (OGP) system, launched in December 2019, offers a direct route for seeking standard patent protection for a maximum term of 20 years in Hong Kong and at the same time introduces substantive examination for patent applications. This demonstrates the Government's determination to enhance the local patent system, bringing it on par with the mainstream patent system in the international community, and facilitating the I&T sector to protect their R&D outcomes in Hong Kong and convert the outcomes into assets, thus promoting the development of I&T and intellectual property (IP) trading in Hong Kong. As of December 2023, the Patents Registry has received a total of 825 OGP applications, of which 55% were filed by applicants outside Hong Kong. This shows the attractiveness of the OGP system to enterprises outside Hong Kong in applying for local protection of their R&D outcomes so as to further develop the commercialisation market in Hong Kong. However, apart from the patent system, the choice of R&D locations by enterprises outside Hong Kong is also affected by other objective factors such as the patent portfolio, capital chain, taxation, legal protection, target markets, etc. of individual R&D projects.

To ensure that Hong Kong's patent system can continue to meet current needs, and support Hong Kong's development into an I&T hub in the region and a regional IP trading center, the Chief Executive has announced in the 2023 Policy Address that the Government will take the lead in discussing with stakeholders to plan for the introduction of regulatory arrangements for local patent agent services, covering professional qualification requirements and registration, as well as the regulatory model and framework, with the aim of enhancing service quality and nurturing talents. The Intellectual Property Department (IPD) will be allocated an additional funding of about $12 million in total over the next three financial years (i.e. 2024-25 to 2026-27). During the period, the IPD will redeploy its solicitors and patent examiners internally, and use the allocated additional resources to hire contract staff (including project officers and supporting staff) and meet related office and administrative expenses, so as to establish a dedicated team to carry out the relevant work.

Under the OGP system, patent talents also include patent examiners working in the Patents Registry. In March 2024, the OGP examination team of IPD has a total of 29 examiners, with establishment covering the 3 major technical fields of electricity, chemistry and mechanical engineering. The IPD has been allocated a total of around $84 million over the 3 financial years from 2022-23 to 2024-25 for employing and nurturing more patent examiners and gradually enhancing OGP examination capabilities. The medium-term goal is to expand the patent examination team to about 40 examiners in 2025. In the long term, the IPD will strive to gradually establish a team of about 100 examiners and acquire institutional autonomy in conducting substantive patent examination in 2030. When processing OGP applications, the Patents Registry has set targets to measure service performance to ensure the work performance and examination efficiency of patent examiners. The OGP system is still in its early stage of development. We will continue to monitor the number and nature of OGP applications and the development trends of related technical fields so as to formulate the core needs for the long-term development of local patent examination in the future, as well as to continue to improve Hong Kong's patent system and enhance substantive examination capabilities.

- End -

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2744)

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:

The trade industry is a key pillar industry in Hong Kong. However, the output and employment figures of the industry have been shrinking in recent years. The local trade industry has faced many uncertainties, including the China-US trade conflicts, "decoupling" of the local market from traditional markets, changes in international trade pattern, unsteady connection of the local market with emerging markets, and slow progress of IT application in the territory. As the trade industry is comprised mainly of small and medium enterprises (SMEs), the impact of the above changes and circumstances on them is particularly significant.

In this connection, please advise this Committee on the following:

1. Will the Government conduct a study on the development of the trade industry in the face of the challenges faced by the industry currently so as to facilitate the re-positioning of the entire industry and its adaptation to new changes in the trade landscape; and

2. on the basis of the study, put in place relevant support measures and policies to assist SMEs in adapting to the new trading environment?

Asked by: Hon HONG Wen, Wendy (LegCo internal reference no.: 31)

Reply:

Hong Kong enjoys the advantage of being a highly internationalised business centre and plays an important role in international trade. In 2022, Hong Kong's total merchandise trade with the world amounted to HK$9,459.1 billion, 6.5% to 14.9% higher than the pre-pandemic period between 2017 and 2019, and is the world's tenth largest merchandise trade centre.

The international trade landscape is in a constant state of flux. In recent times, Hong Kong's total exports have seen their share of the Europe and US markets decline, while our exports to developing countries such as those in the Association of Southeast Asian Nations (ASEAN) and the Middle East are on the rise. The HKSAR Government will continue to expand Hong Kong's economic and trade network and assist the business sector in developing emerging markets.

To strengthen our economic and trade relations with the Middle East, the HKSAR Government has just signed an investment promotion and protection agreement (IPPA) with Bahrain, is conducting IPPA negotiations with Saudi Arabia and is planning to establish an Economic and Trade Office (ETO) in Riyadh. ASEAN is another priority strategic partner with whom we seek to enhance our engagement. The Government is also planning to establish an ETO in Kuala Lumpur, Malaysia. As for other markets, we are negotiating a free trade agreement with Peru and an IPPA with Bangladesh. Furthermore, Invest Hong Kong will set up consultant offices in Cairo, the capital of Egypt, and Izmir, the third largest city in Türkiye, in 2024-25 to attract investment and enterprises from high-potential emerging countries in the Middle East and North Africa; while the Hong Kong Trade Development Council will set up consultant offices in Dhaka, the capital city of Bangladesh, and Phnom Penh, the capital city of Cambodia, in 2024-25 to strengthen trade promotion in emerging countries.

Apart from expanding Hong Kong's economic and trade network, we are committed to developing Hong Kong into a multinational supply chain management centre.

Mainland manufacturing enterprises are increasingly using production capabilities both at home and abroad as multinational supply chains for manufacturing products to be exported to overseas markets. As a premier financial and commercial centre in the region, Hong Kong has the capacity to offer full-fledged and comprehensive professional support services to enterprises to meet their overseas business needs. These services are of utmost importance to enterprises seeking to go global, particularly those with less overseas experience.

The Commerce and Economic Development Bureau, in coordination with "Team Hong Kong" organisations, will work together to study relevant details, including the provision of one-stop services for enterprises. Invest Hong Kong will also step up efforts to attract Mainland manufacturing enterprises to set up offices in Hong Kong to serve as headquarters for managing their offshore trading, continue to organise and sponsor a series of investment promotion events and provide them with the latest information on Hong Kong's business environment.

We will fully leverage our unique advantages under "One country, Two systems", i.e. enjoying strong support of the Motherland while also being closely connected to the rest of the world, in order to consolidate our leading position in global trade. To further integrate into the overall development of our country in order to create strong impetus for our growth, we will further develop the Mainland domestic market, and expand our international economic and trade networks. We will strengthen our role as a super-connector and super value-adder between the Mainland and the rest of the world.

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB017

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1155)

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:

At present, liquor with an alcoholic strength of more than 30% by volume measured at a temperature of 20°C (spirituous liquor) is subject to a duty at the rate of 100% on import. In this connection, will the Government inform this Committee of the following:

1. for spirituous liquor with a breakdown by type, the volumes of import and export (million litres) into and out of Hong Kong, as well as the increase/decrease compared to the preceding year; and

2 with some members of the trade earlier suggested that the Government should consider scrapping or relaxing the relevant duty so as to promote the related trading and business activities, has the Government assessed the economic benefits and feasibility of such suggestions? If yes, what are the details? If no, what are the reasons?

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

Reply:

In the past 5 year, Volume of Import and Export of Strong Liquors:

Year	Volume of import (million litre) (changes compared to figures of the preceding year)	Volume of export (million litre) (changes compared to figures of the preceding year)
2023	19.2 (+19.3%)	5.5 (+31.9%)
2022	16.1 (-4.8%)	4.2 (-20.7%)
2021	16.9 (-1.6%)	5.3 (+30.5%)

Year	Volume of import (million litre) (changes compared to figures of the preceding year)	Volume of export (million litre) (changes compared to figures of the preceding year)
2020	17.2 (-13.3%)	4.1 (-40.3%)
2019	19.8 (-12.1%)	6.8 (-9.2%)

Regarding the review of duty on strong liquors, the existing duty rate on liquors with more than 30% alcoholic strength is 100% on an ad-valorem basis. The duty system is simple and fair, and is in line with the "affordable users pay" principle. The Government has no plan to conduct a review. In fact, a number of factors have to be taken into account when considering whether the duty on strong liquors should be exempted or relaxed in the long run.

- End -

CEDB018

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1171)

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:

The Government launched the Incentive Scheme for Recurrent Exhibitions (the Scheme) in July last year to provide, for 3 years, organisers of recurrent exhibitions at the Hong Kong Convention and Exhibition Centre or AsiaWorld-Expo with an incentive of venue rental, subject to a cap of $20 million for each exhibition, with a view to supporting the recovery of the convention and exhibition (C&E) industry and strengthening Hong Kong's reputation as a premier international C&E hub. In this connection, will the Government inform this Committee:

1. of the number of applications received and approved, the details of projects approved and the incentive amount for each approved project since the launch of the Scheme with a detailed breakdown; and

2. whether the Government has assessed the effectiveness of the Scheme in boosting the C&E industry; if so, of the details; if not, the reasons for that?

Asked by: Hon IP LAU Suk-yee, Regina (LegCo internal reference no.: 20)

Reply:

During the eight-month period since the launch of the $1.4-billion Incentive Scheme for Recurrent Exhibitions from 1 July 2023 to 29 February 2024, a total of 65 applications for completed events were received, of which 62 have been approved, exceeding our target of providing incentives to more than 200 exhibitions over the three-year period of the Scheme on a pro-rata basis. The total incentive involved is $287 million, with an average incentive of about $4.63 million for each approved exhibition. These exhibitions together attracted some 82 000 exhibitors and over 1.36 million buyers. The Scheme is not only beneficial to the convention and exhibition industry, but it also attracts high-spending business travellers and brings in businesses to such related sectors as accommodation, catering, retail and entertainment.

- End -

Examination of Estimates of Expenditure 2024-25 Reply Serial No.

CEDB019

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1172)

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:

The HKSAR Government has implemented the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) since June 2012, so as to assist enterprises in exploring and developing business in other Mainland and overseas markets. In this connection, will the Government please inform this Committee of:

1. a detailed breakdown of (i) the number of applications received under the BUD Fund; (ii) the number of applications approved; (iii) the amount of funding approved; (iv) the number of beneficiary enterprises (by industry) and their percentage shares of the total applications; and (v) the distribution of economies involved in the approved applications in 2023-24;

2. given that the Government launched "Easy BUD" in June last year to shorten the processing time with streamlined application and vetting procedures and arrangements, the respective numbers of applications received and approved, as well as the amount of funding granted to each project since then; and

3. the current surplus of the BUD Fund?

Asked by: Hon IP LAU Suk-yee, Regina (LegCo internal reference no.: 21)

Reply:

The implementation of the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) in 2023 is as follows:

Number of applications received [Note 1]	4 739
Number of applications approved	1 706
Amount of grants approved	$1,153 million

Number of beneficiaries	1 451
Major beneficiary sectors (in the order of the largest number of applications approved) [percentage of the number of applications approved out of the total number of applications approved in the same year]	1. Wholesale and Retail [20.4%]
	2. Import and Export Trade [11.3%]
	3. Information Technology [5.5%]
	4. Textiles and Clothing [5.3%]
	5. Electronics [4.1%]
	6. Metal Products [3.3%]
	7. Advertisement, Sales and Marketing [2.9%]
	8. Creative Industries [2.8%]
	9. Professional Services (including legal and accounting services) [2.8%]
	10. Plastics [2.5%]
Major target markets of the applications approved Note 2 (in the order of the largest number of applications approved)	1. The Mainland
	2. Singapore
	3. United Kingdom
	4. Germany
	5. Macao
	6. Malaysia
	7. Japan
	8. Vietnam
	9. France
	10. Australia

Note 1: Applications received may not be processed in the same year. The figures include applications that could not be processed owing to incomplete information and those withdrawn voluntarily by enterprises afterwards.
Note 2: Some approved applications involve developing more than one target market.

"Easy BUD" was launched in June 2023. As at end February 2024, a total of 740 applications have been received (including applications that could not be processed owing to incomplete information and those withdrawn voluntarily by enterprises afterwards) and, among them, 160 have been approved with an average funding amount of around $70,000.

The current approved commitment of the BUD Fund is $6.5 billion. As at end February 2024, the remaining balance was about $2.8 billion. The Financial Secretary announced in the 2024-25 Budget the further injection of $500 million into the BUD Fund. The proposed injection will be effected upon the passage of the 2024 Appropriation Bill, thereby increasing the total approved commitment of the BUD Fund to $7 billion.

- End -

CONTROLLING OFFICER'S REPLY

CEDB020

(Question Serial No. 2080)

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:

As mentioned in paragraph 150 of the Budget Speech, the Hong Kong Trade Development Council (HKTDC) has been providing various services through different schemes covering business operations, production and supply chain solutions, market information and other consulting services. All this helps to support Mainland enterprises based in Hong Kong to establish a foothold in the Belt and Road (B&R) Initiative countries. In this connection, please provide this Committee with the following:

1) in table form and by type of services, details of relevant schemes launched by the HKTDC in the past 5 years (2019-20 to 2023-24), and the manpower and actual expenditure involved;

2) in table form and by type of services, details of relevant schemes to be launched by the HKTDC in 2024-25, and the manpower and estimated expenditure involved; and

3) in table form and by scope of business, the number, proportion and year-on-year change of Mainland enterprises based in Hong Kong that have established a foothold in the B&R Initiative countries in the past 5 years (2019-20 to 2023-24).

Asked by: Hon KAN Wai-mun, Carmen (LegCo internal reference no.: 1)

Reply:

The Hong Kong Trade Development Council (HKTDC) has been leveraging its network of 50 offices worldwide, to organise diversified business missions and outreach activities and to facilitate tripartite collaboration between enterprises, investors and professional service providers in the Mainland and Hong Kong as well as Belt and Road (B&R) project owners, in order to establish Hong Kong as the international business centre for B&R countries. The HKTDC organises missions to B&R countries, such as leading Hong Kong exhibitors to participate in trade fairs in the markets of the Association of Southeast Asia Nations

(ASEAN), organise missions to ASEAN countries, and co-organise large-scale international conferences, including the Belt and Road Summit and the Asian Logistics, Maritime and Aviation Conference, with the Government, so as to foster Hong Kong's development in such aspects as infrastructure investment, professional services, supply chain management, shipping and logistics and sustainable development, as well as to promote the supply chain collaboration between Hong Kong and B&R countries. The relevant work has been included in the overall estimated expenditure of the HKTDC, and cannot be quantified separately.

Mainland enterprises in Hong Kong do not have to report commercial information such as their businesses in B&R countries to the Government, and thus we do not have the respective numbers.

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB021

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2081)

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

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

Programme: (-) -

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 paragraph 153 of the Budget Speech that the Commerce and Economic Development Bureau (CEDB), in co-ordination with "Team Hong Kong" organisations, will work together to study the details of developing Hong Kong into a multinational supply chain management centre, including the establishment of a trade single window (TSW) to provide one-stop services for enterprises. Invest Hong Kong will also step up efforts to attract Mainland manufacturing enterprises to set up offices in Hong Kong, to serve as headquarters for managing their offshore trading. In this connection, please inform this Committee:

1) of the effectiveness of the services rolled out under Phases 1 and 2 of the TSW and the progress of Phase 3;

2) of the estimated number of Mainland manufacturing enterprises to be attracted to set up offices in Hong Kong as headquarters for managing their offshore trading in 2024-25;

3) of the advantages of developing Hong Kong into a multinational supply chain management centre and the strategic plans formulated to promote our advantages to target enterprises;

4) of the details of the work to be carried out and the manpower and estimated expenditure involved in 2024-25;

5) of a detailed list of the "Team Hong Kong" organisations with which the CEDB will co-ordinate, the mode of co-ordination, and whether a dedicated office will be set up to take charge of the work; and

6) how the "Team Hong Kong" organisations will collaborate on the work (with a breakdown in table form).

Asked by: Hon KAN Wai-mun, Carmen (LegCo internal reference no.: 2)

Reply:

The Financial Secretary announced in the 2024-25 Budget that, in line with the trend of Mainland manufacturing enterprises extending their production supply chains abroad, it is the goal of the Hong Kong Special Administrative Region Government to develop Hong Kong into a multinational supply chain management centre.

Under "One Country, Two Systems", Hong Kong has the distinctive advantages of enjoying strong support of the Motherland and being closely connected to the world, plays the important roles as a "super-connector" and a "super value-adder", and serves as a two-way springboard for attracting overseas enterprises and for Mainland enterprises to "go global". As a premier financial and commercial centre in the region, Hong Kong has the capacity to offer full-fledged and comprehensive professional support services to Mainland enterprises to meet their overseas business needs. Meanwhile, being one of the most competitive economies in the world, Hong Kong's institutional fundamentals and other core strengths (including a simple and low tax system; a favourable business environment; efficient and transparent markets; a regulatory regime in line with international rules; and free flow of goods and factors of production including talents, capital and information, etc.) make Hong Kong the only place in the world where the global advantage and the China advantage come together in a single economy, and is the best choice for Mainland manufacturing enterprises to set up headquarters for managing their offshore trading.

The following professional support services are of utmost importance to those Mainland enterprises seeking to "go global":

- Consulting services: The Hong Kong Trade Development Council has been providing various services through different schemes covering business operations, production and supply chain solutions, market information and other consulting services. All these help support Mainland enterprises based in Hong Kong to establish a foothold in countries along the Belt and Road;

- Trade financing: Mainland enterprises that have established in Hong Kong can also utilise various services provided by the Hong Kong Export Credit Insurance Corporation, including export credit insurance, surveys on buyers, and sharing of market updates to meet their business operation needs;

- Trade financing: The Commercial Data Interchange and Project mBridge launched earlier by the Hong Kong Monetary Authority allow enterprises to apply trade financing and cross-border settlement services at a lower cost and with higher efficiency; and

- Corporate training: In view that Hong Kong's business sector possesses rich knowledge and profound experience in managing multinational supply chains as well as handling compliance, labour protection, environmental protection and other requirements of overseas markets, we will facilitate collaboration between different organisations and industry stakeholders to provide environmental, social and corporate governance (ESG) training, etc. to Mainland enterprises seeking to expand their reach to overseas markets. This will help them build goodwill with business partners and expand their markets.

To attract Mainland manufacturing enterprises to establish in Hong Kong, the Commerce and Economic Development Bureau (CEDB), in coordination with "Team Hong Kong" organisations, including Invest Hong Kong, will strengthen the support work and work together to study implementation details, including establishing a single window to provide one-stop services for the enterprises.

Invest Hong Kong will proactively support the relevant work in the process of attracting Mainland manufacturing enterprises to set up headquarters for managing their offshore trading, by stepping up its efforts to promote various advantages of doing businesses in Hong Kong; and offering one-stop customised support services, from the planning to implementation stages. The Department will also actively pay attention to those enterprises' needs (including financial and tax measures and land use, etc.) and reflect them accordingly to relevant policy bureaux or departments so as to suitably assist and further facilitate the enterprises in setting up headquarters for managing their offshore trading. At present, CEDB, Invest Hong Kong and "Team Hong Kong" organisations have commenced the relevant preparatory work with a view to setting specific work objectives and plans.

The above work of CEDB, Invest Hong Kong and other "Team Hong Kong" organisations will be handled with existing resources and manpower, without involving additional expenditure.

The abovementioned "single window" to be established in response to the development of multinational supply chain management centre is a different policy from the "Trade Single Window (TSW)", the latter of which is a trade facilitation initiative being implemented by phases to provide a one-stop electronic platform for the trade to lodge business-to-government trade documents for trade declaration and cargo clearance. TSW Phase 1 and Phase 2 are in full service, covering a total of 42 types of trade documents. They are operating smoothly and are well received by the trade. As at end-February 2024, there were over 4 000 registered TSW users and around 90 000 licences/permits were issued. The average monthly usage rate of Phase 1 services has exceeded 90%, with that of some documents reaching 100%. The usage rate of Phase 2 services, which were fully implemented in end-2023 ahead of schedule, has been on the rise. CEDB has commenced the system analysis and design work for Phase 3 and targets to roll out Phase 3 (i.e. the final phase) services, covering all documents required for trade declaration and cargo clearance, including Import and Export Declaration, Advance Cargo Information, Cargo Manifest and Cargo Report, and applications for the Certificate of Origin and Permit for Dutiable Commodities, by batches from 2026 onwards. The system of Phase 3 will also replace the long-established Government Electronic Trading Services and several cargo clearance systems of Customs and Excise Department, as well as related back-end processing systems.

- End -

Examination of Estimates of Expenditure 2024-25 | Reply Serial No.

CONTROLLING OFFICER'S REPLY

CEDB022

(Question Serial No. 2082)

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

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

Programme: (-) -

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

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Regarding overseas visits, please inform this Committee of:

1) the details of the outbound missions organised in the past 5 financial years (from 2019-20 to 2023-24) in tabular form, including the (dates, destinations, purposes, numbers of entourage members and total expenditures;

2) the support extended by each overseas Economic and Trade Office (ETO) to government officials' duty visits in the past 5 financial years (from 2019-20 to 2023-24), including the dates, visiting departments, purposes of the visits, numbers of staff and total expenditures involved; the reasons for considering establishing ETOs in Riyadh and Kuala Lumpur, Malaysia, as pointed out in paragraphs 155 and 156 of the Budget Speech; an update on the saturation level in workload of existing ETOs in the Association of Southeast Asian Nations (ASEAN) region; and

3) the details and estimated expenditures of the outbound missions to be organized in 2024-25.

Asked by: Hon KAN Wai-mun, Carmen (LegCo internal reference no.: 3)

Reply:

The details of the outbound missions organised by the Commerce and Economic Development Bureau (CEDB) with delegates from Hong Kong's business and other professional services sectors from 2019-20 to 2023-24 are as follows:

Date of Visit	Place/Purpose of Visit	Number of Delegates (Including Government and Non-government Delegates)	Number of Members from the CEDB	Number of Members from the Mainland Offices or Overseas Hong Kong Economic and Trade Offices (ETOs)
23-27 April 2019	• Beijing • The Chief Executive (CE) led a delegation to participate in the second Belt and Road (B&R) Forum for International Cooperation. The Forum was the highest-level international event under the framework of the B&R Initiative.	Close to 70	13	3
9-18 June 2019	• Spain (Madrid), Serbia (Belgrade) and the United Arab Emirates (UAE) (Dubai) • CEDB and the Ministry of Commerce jointly led Mainland and Hong Kong enterprises and representatives from the professional services sector to "go global", explore trade and commerce collaboration in the places visited, and forge closer ties with the enterprises there.	38 (only including Hong Kong delegates)	4	3

Date of Visit	Place/Purpose of Visit	Number of Delegates (Including Government and Non-government Delegates)	Number of Members from the CEDB	Number of Members from the Mainland Offices or Overseas Hong Kong Economic and Trade Offices (ETOs)
25-29 November 2019	• Malaysia (Kuala Lumpur) and Thailand (Bangkok) • CEDB led a delegation from the commerce, industry and professional services sectors as well as start-ups to meet with the business sector and government officials in the 2 cities, promote Hong Kong's advantages brought about by the B&R Initiative, and foster closer trade and economic collaboration.	52	4	7
17-21 November 2022	• Thailand (Bangkok) • The CE attended the relevant events of Asia-Pacific Economic Cooperation and led a Hong Kong trade and commerce delegation to Thailand for conducting business visits and telling the good stories of Hong Kong.	Close to 30	3	3

Date of Visit	Place/Purpose of Visit	Number of Delegates (Including Government and Non-government Delegates)	Number of Members from the CEDB	Number of Members from the Mainland Offices or Overseas Hong Kong Economic and Trade Offices (ETOs)
4-11 February 2023	• Saudi Arabia (Riyadh) and the UAE (Abu Dhabi and Dubai) • The CE led a delegation to visit Saudi Arabia and the UAE, promoting Hong Kong’s advantages and exploring business opportunities.	More than 30	8	9
23-29 July 2023	• Singapore, Indonesia (Jakarta) and Malaysia (Kuala Lumpur) • The CE led a delegation to visit 3 member states of the Association of Southeast Asian Nations (ASEAN) to promote Hong Kong’s advantages and explore collaboration opportunities in trade and commerce.	42	7	21

Date of Visit	Place/Purpose of Visit	Number of Delegates (Including Government and Non-government Delegates)	Number of Members from the CEDB	Number of Members from the Mainland Offices or Overseas Hong Kong Economic and Trade Offices (ETOs)
16-19 October 2023	• Beijing • The CE led a delegation to participate in the third B&R Forum for International Cooperation. The Forum was the highest-level international event under the framework of the B&R Initiative.	Close to 70	21	3
4-5 December 2023	• Shenzhen and Guangzhou • CEDB led a business delegation (comprising enterprises of the B&R countries operating in Hong Kong) to the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) to promote Hong Kong as a service hub so as to assist the enterprises to tap into the Mainland market.	More than 20	11	11

The expenses incurred by government officials in the above outbound missions had been subsumed under the overall expenditures of the CEDB, overseas Hong Kong ETOs and relevant policy bureaux/departments, and cannot be quantified separately.

In 2024-25, the Belt and Road Office (BRO) under the CEDB will organise a number of outbound missions, including a joint mission with the Ministry of Commerce to “go global”, to explore new B&R market opportunities together with Mainland enterprises, as well as to assist Hong Kong enterprises and professionals to open up more overseas business opportunities.

Furthermore, the BRO plans to join hands with the Office for Attracting Strategic Enterprises, Invest Hong Kong and the Hong Kong Talent Engage, etc., to organise small-scale missions to the ASEAN countries, among other places, with specific sectors of professional services to be invited as fit, to further cultivate these B&R markets. The BRO also plans to continue to organise visits for enterprises of B&R countries in Hong Kong to visit the Mainland using Hong Kong as the service base.

The expenses to be incurred by government officials in the above proposed outbound missions have been subsumed under the 2024-25 overall estimated provisions of the CEDB, ETOs and relevant policy bureaux/departments, and cannot be quantified separately.

In addition to providing overseas stakeholders with the latest information on Hong Kong through regular newsletters and social media, the ETOs have all along assisted in arranging overseas visits for the CE and Principal Officials, with a view to proactively promoting high-level exchanges with officials and various sectors in countries and regions under their purview. For example, in February 2023, the Dubai ETO assisted in arranging the CE to lead the HKSAR delegation to visit Saudi Arabia and the UAE. That visit promoted Hong Kong on all fronts, enhanced connections between Hong Kong and the Middle East region in various areas such as trade, investment and culture, and realised abundant business opportunities for Hong Kong, with a total of 13 high quality memoranda of understanding or letters of intent signed. In addition, through the coordination and arrangement of the Jakarta and Singapore ETOs, the CE led 5 Secretaries of Departments and Directors of Bureaux, as well as a business delegation to visit 3 member states of the ASEAN, namely Singapore, Indonesia and Malaysia, in July, telling the good stories of Hong Kong to the political and business sectors in the region, as well as introducing Hong Kong's connection to the Mainland market and the national strategies for development, particularly the B&R Initiative and the GBA development, which give Hong Kong unparalleled edges and immense opportunities. During the visit, 33 high quality memoranda of understanding or agreements were signed, injecting new impetus into Hong Kong's business and professional communities to expand into the ASEAN markets.

Apart from the CE, various Principal Officials of the HKSAR Government visited different countries and were invited to various international conferences in 2023, e.g. the Financial Secretary's visit to Paris in France, London in the United Kingdom as well as Berlin and Frankfurt in Germany; the Secretary for Financial Services and the Treasury's visit to Brussels in Belgium, London, Incheon in Korea, Doha in Qatar as well as Cairo and Sharm El Sheikh in Egypt; and the Secretary for Education's visit to London. They promoted Hong Kong's advantages on different occasions with a view to fostering our cooperation with these countries in various areas such as finance, commerce and trade, and innovation and technology. The relevant ETOs provided essential support for these overseas visits.

As assisting in arranging overseas visits for the Principal Officials of the HKSAR Government is a part of the overall work of the ETOs, the relevant expenditure has been subsumed in the overall expenditure under Head 96 "Government Secretariat: Overseas Economic and Trade Offices" and cannot be quantified separately.

The current-term Government has placed particular emphasis on attracting enterprises and investment to Hong Kong, and the dynamic and energetic ASEAN and Middle East markets, which also play major roles in the B&R Initiative, are our key targets. The HKSAR Government has 3 ETOs in ASEAN (viz. the Bangkok, Jakarta and Singapore ETOs), all of which are dedicated to strengthening bilateral relations between Hong Kong and the 10 ASEAN member states. Meanwhile, the Dubai ETO is our 14th ETO and the first one in the Middle East, and is dedicated to strengthening bilateral relations between Hong Kong and the member states of the Cooperation Council for the Arab States of the Gulf [Note]. The proposed new ETOs in Kuala Lumpur and Riyadh will, together with the Bangkok, Jakarta, Singapore and Dubai ETOs, further strengthen their support to Hong Kong enterprises in exploring business opportunities in emerging markets such as the ASEAN and the Middle East markets, promote Hong Kong's unique status under "One Country, Two Systems" and our multi-faceted advantages, as well as the abundant opportunities brought about by the B&R Initiative and the GBA development, in order to further develop Hong Kong's global trade network, strengthen external relations and foster inward investment.

Note: Member states of the Cooperation Council for the Arab States of the Gulf include Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE.

- End -

CEDB023

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2083)

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:

It is stated in paragraph 158 of the Budget Speech that apart from continuing to host the annual Belt and Road Summit (the Summit) in September, a new Belt and Road Festival will be launched. The festival will promote collaboration with the Belt and Road countries in a wide range of areas including trade and investment, technology, arts and culture and talent exchange. In this connection, please inform this Committee of:

1) the numbers of participating representatives and enterprises, the manpower involved and the actual expenditures incurred for the Summit last year in a tabulated form by country and region;

2) the progress of preparation work, the expected manpower and the estimated expenditures for the Summit and the Belt and Road Festival to be held in September this year; and

3) apart from the above 2 programmes, other relevant promotional programmes in 2024-25, the expected manpower and the estimated expenditures therefor.

Asked by: Hon KAN Wai-mun, Carmen (LegCo internal reference no.: 4)

Reply:

The Commerce and Economic Development Bureau (CEDB) orgainsed the 8th Belt and Road Summit (the Summit) on 13-14 September 2023, attracting the participation of more than 100 delegations and nearly 6 000 people. These participants came from over 70 Belt and Road (B&R)-related countries and regions, most of whom are representatives of enterprises while also comprising senior government officials and business leaders. We do not have the total number of enterprises represented by these participants. The regions where the participants came from are tabulated as follows:

Regions	Number of participants
Hong Kong	around 2 600
Mainland	around 2 400
Association of Southeast Asian Nations (ASEAN)	around 420
Middle East	around 180
Europe	around 80
Africa	around 50
Others (including Central Asia, South Asia and Latin America)	around 170

The CEDB will organise the 9th Summit on 11-12 September 2024, and will launch the new "Belt and Road Festival" in September this year, with a view to furthering Hong Kong's collaboration with B&R countries in a wide range of areas including trade and investment, technology, arts and culture, talent exchanges, etc., to act as an important bridge to showcase achievements of people-to-people exchanges and promote people and cultural exchanges and collaboration. The Belt and Road Office (BRO) of the CEDB has already discussed with various stakeholders in the community, including Consul Generals in Hong Kong, chambers of commerce, as well as culture, tourism, education, professional and youth organisations and public bodies such as the Hong Kong Jockey Club and the West Kowloon Cultural District Authority.

In the coming year, the BRO will organise a number of outbound missions, including a joint mission with the Ministry of Commerce, to explore new B&R market opportunities together with Mainland enterprises, as well as to assist Hong Kong enterprises and professionals to tap more overseas business opportunities.

Furthermore, the BRO plans to join hands with the Office for Attracting Strategic Enterprises, Invest Hong Kong and the Hong Kong Talent Engage, etc., to organise small-scale missions to the ASEAN countries, among other places, with specific sectors of professional services invited as fit, to further cultivate these B&R markets. The BRO also plans to continue to organise visits for enterprises of B&R countries in Hong Kong to visit the Mainland using Hong Kong as the service base.

In addition, the BRO has already approached relevant Mainland authorities regarding the Mainland Enterprises Partnership Exchange and Interface Session and will invite Mainland enterprises in Hong Kong and state-owned enterprises for their direct matching with local professional services providers; and has been organising the "BRO Talk" monthly exchange sessions since November 2023, inviting Consul Generals from B&R countries in Hong Kong as well as representatives of professional bodies and enterprises to share the opportunities and relevant experience in B&R countries.

The BRO will continue to promote Hong Kong's participation in and contribution to the B&R Initiative through diversified channels, with a view to enhancing the understanding of the B&R Initiative among various sectors of the community, as well as encouraging active collaboration and participation in the B&R Initiative by enterprises, professional services bodies and young people.

In 2024-25, the estimated overall expenditure of the BRO will be about $39.17 million. The manpower and expenditure for the above-mentioned various measures have been subsumed under the overall estimated establishment and expenditure, and cannot be quantified separately.

- End -

CEDB024

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2608)

Head:	(152) Government Secretariat: Commerce and Economic Development Bureau
Subhead (No. & title):	(-) -
Programme:	(-) -
Controlling Officer:	Permanent Secretary for Commerce and Economic Development (Miss Eliza LEE)
Director of Bureau:	Secretary for Commerce and Economic Development

Question:

The 2022-23 total actual expenditure, 2023-24 revised estimate and 2024-25 estimate of expenditure are $1.8 billion, $5 billion and $7.1 billion respectively. In this connection, please advise this Committee of the following:

- the reasons for the substantial increase in the expenditures involved in these 3 financial years, with an analysis of the changes; and
- given that the estimate of expenditure for this year is $7.1 billion, up to 4 times the expenditure 3 years ago, evaluation of the effectiveness of the work in the past 3 years and elaboration of the upcoming work and the expected outcomes in the coming 3 years.

Asked by: Hon KONG Yuk-foon, Doreen (LegCo internal reference no.: 26)

Reply:

The 2023-24 revised estimate of the Commerce and Economic Development Bureau (CEDB) is about $3.2 billion (178%) higher than the 2022-23 actual expenditure, while the 2024-25 estimate is about $5.3 billion (294%) and about $2.1 billion (42%) higher than the 2022-23 actual expenditure and 2023-24 revised estimates respectively. The increases are mainly due to the expected increase in the cash flow requirements for the SME Financing Guarantee Scheme (SFGS) – Guarantee Products, the Incentive Scheme for Recurrent Exhibitions (Incentive Scheme) and the Subsidy Scheme to Extend Fibre-based Networks to Villages in Remote Areas (Subsidy Scheme), as well as increase in personal emoluments and operating expenses, which is partly offset by the reduction caused by the transfer of resources due to the re-organisation of the Government Secretariat in 2023-24, with relevant resources of about $470 million transferred from Head 152 CEDB to Head 132 Culture, Sports and Tourism Bureau.

Compared to the 2022-23 actual expenditure, the cash flow requirement for the SFGS – Guarantee Products in 2023-24 and 2024-25 is expected to increase by about $3.1 billion and $5 billion respectively. The Government provides loan guarantees to enterprises through the SFGS, and launched the 80% and 90% Guarantee Products in 2012 and 2019 respectively to help small and medium enterprises (SMEs) obtain commercial loans. To assist enterprises hard hit by the epidemic in coping with cash flow problems, the Government launched in April 2020 the time-limited Special 100% Guarantee Product under the SFGS to provide low-interest concessionary loans to SMEs. HKMC Insurance Limited (HKMCI) is responsible for administering and managing the SFGS.

Since its launch in 2012, the SFGS has been well-received by enterprises. As at end February 2024, more than 100 000 applications have been approved, involving a total of over $274 billion of loans, benefitting over 61 000 enterprises and about 780 000 employees in total.

Having regard to the economic situation of Hong Kong and the needs of SMEs, the Government keeps on enhancing the SFGS, including extending the application period for the Special 100% Guarantee Product several times, from initially 6 months to 47 months, until end March 2024. The Financial Secretary announced in the 2024-25 Budget the extension of the application period for the 80% and 90% Guarantee Products under the SFGS for 2 years to end March 2026.

As at end February 2024, the cumulative default rates of the 80%, 90% and Special 100% Guarantee Products under the SFGS were about 4.2%, 2% and 6.8% respectively, lower than the assumed overall default rates (12%, 16% and 25% respectively). To handle all the existing and new applications as well as the expected default situation of the SFGS, the Government needs to increase the estimated cash flow requirement in 2023-24 and 2024-25 accordingly, so as to cater for the relevant expenses of the various guarantee products. These include payments of originating fee in respect of the Special 100% Guarantee Product to the participating lending institutions, payments to HKMCI to cover the administrative costs and the necessary out-of-pocket expenses to be incurred as well as the default claim payments. Nevertheless, the actual expenses and the default rates of the SFGS are subject to change having regard to the number of applications, the overall economic environment and the operational situation of individual borrowing enterprises.

The Government and HKMCI will continue to monitor the situation closely.

For the Incentive Scheme, its cash flow requirement in 2023-24 and 2024-25 increases by about $240 million and $460 million respectively. During the eight-month period since the launch of the $1.4-billion Incentive Scheme from 1 July 2023 to 29 February 2024, a total of 62 applications for completed events have been approved, exceeding our target of providing incentives to more than 200 exhibitions over the three-year period of the Incentive Scheme on a pro-rata basis. These exhibitions involved a total incentive of $287 million, and attracted around 82 000 exhibitors and over 1.36 million buyers.

In addition, the cash flow requirement of the Subsidy Scheme in 2023-24 and 2024-25 increases by about $220 million and $250 million respectively. The Government has launched the Subsidy Scheme with a one-off provision of $774.4 million approved by the Finance Committee of the Legislative Council in 2018 to facilitate fixed network operators to extend fibre-based networks to 235 villages in remote areas. The subsidised fibre-based networks are being extended to these 235 villages in phases from 2021 to 2026, benefitting 110 000 villagers and providing the villages concerned with high-speed broadband services. It also provides the backbone infrastructure necessary for further deploying other types of telecommunications services (such as 5G mobile and Wi-Fi services) to benefit villagers and visitors in the countryside. At present, the Subsidy Scheme has already extended fibre-based networks in more than 150 villages, providing broadband services with a speed ranging from 200Mbps to 2Gbps. The Office of the Communications Authority will continue to actively follow up with the extension works in the remaining villages, targeting to cover all villages with fibre-based networks by 2026.

- End -

CEDB025

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2249)

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:

During the epidemic, the Government introduced the Special 100% Loan Guarantee under the SME Financing Guarantee Scheme, providing 100% loan guarantee for small and medium enterprises to help them meet their pressing needs. As the special loan arrangements are going to expire gradually, would the Government inform this Committee of the following:

1. What are the numbers of applications received, approved and rejected, the total amount of loans granted, and the average amount of loans granted to each applicant since the scheme was open for application?

2. What are the current default rate and the amount of bad debts under the scheme?

3. Many fraudsters have obtained such special loans using false instruments and the like and then absconded with the money through emigration. Has the Government assessed the problem of abuse of such special loans? If so, what are the details? If not, what are the reasons? Will the Government take stringent measures, including initiating criminal prosecution, to combat such activities, so as to ensure the proper use of public funds? If so, what are the details? If not, what are the reasons?

Asked by: Hon KOON Ho-ming, Peter Douglas (LegCo internal reference no.: 25)

Reply:

The Special 100% Guarantee Product of the SME Financing Guarantee Scheme (SFGS) was launched in 2020. The application and default figures as at end February 2024 are as follows:

	Special 100% Guarantee Product
Number of Applications Received	71 830
Number of Applications Approved	66 151

	Special 100% Guarantee Product
Total Loan Amount of Approved Applications ($)	140.72 billion
Average Approved Loan Amount Per Enterprise ($)	3.6 million
Cumulative Loan Guarantee Amount of Default Cases ($)	9.59 billion
Cumulative Default Rate	6.8%

In processing loan applications, the lending institutions will conduct customer due diligence to confirm that the borrowing enterprises could fulfil the eligibility requirements. HKMC Insurance Limited (HKMCI) (which is responsible for administering and managing the SFGS) will also conduct appropriate checks in vetting the applications submitted by the lending institutions, and enhance the vetting of suspicious cases.

As at end February 2024, about 2 800 applications of the Special 100% Guarantee Product (involving around $8.2 billion of loans) involved illegal activities, including using false instruments, providing false information or declarations, etc. Among them, about 1 110 cases (involving around $3.8 billion of loans) were already rejected by HKMCI and/or the lending institutions during application assessment, while the other 1 700 cases (involving around $4.4 billion of loans) were identified after loan drawdown. HKMCI has taken appropriate actions, including reporting the cases that may involve illegal activities and providing assistance to the law enforcement agency, issuing clear guidelines to the participating lending institutions of the SFGS, taking legal actions through the lending institutions, etc.

In the event that a borrowing enterprise defaults on repayment, the lending institution will initiate recovery actions and request the enterprise and guarantor to repay the loan in accordance with its policy and prevailing commercial practice.

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB026

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0454)

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:

In 2024-2025, the Government will continue to step up promotion of government funding schemes and strengthen support to small and medium enterprises (SMEs) in capacity building, with a view to enhancing the competitiveness of SMEs. What are the plans of the Government to nurture emerging industries and support SMEs? What is the estimated expenditure involved in supporting SMEs?

Asked by: Hon LAM Kin-fung, Jeffrey (LegCo internal reference no.: 2)

Reply:

The Government strives to support Hong Kong enterprises and, through various funding schemes, strengthen the support for small and medium enterprises (SMEs) with a view to assisting them in exploring more diversified markets and enhancing their competitiveness. The relevant work in the ensuing years is as follows:

- the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) provides funding support for enterprises to develop business in 39 economies with which Hong Kong has signed free trade agreements and/or investment promotion and protection agreements. The Financial Secretary (FS) announced in the 2024-25 Budget the further injection of $500 million into the BUD Fund, thereby increasing its total commitment to $7 billion, for sustaining its operation and introducing "E-commerce Easy". We expect that "E-commerce Easy" will be launched in July 2024, which enables SMEs to make use of the $1 million funding ceiling of a single project flexibly for implementing electronic commerce (e-commerce) projects on the Mainland within the cumulative funding ceiling of $7 million per enterprise;

- the SME Export Marketing Fund (EMF) provides funding support for SMEs to participate in export promotion activities for developing markets outside Hong Kong.

The Government has extended the special measure to end June 2026 to continue expanding the funding scope to cover exhibitions targeting the "local market" and online exhibitions, as well as relaxing the eligibility criteria to cover non-SMEs;

- the Trade and Industry Department (TID) continues to provide funding support through the Trade and Industrial Organisation Support Fund (TSF) to non-profit-distributing organisations such as trade and industrial organisations, professional bodies and research institutes, etc. for implementing projects which aim at enhancing the competitiveness of Hong Kong enterprises in general or in specific sectors;

- the amount of funding approved for supporting SMEs under the aforementioned funding schemes is targeted to increase from $1.327 billion in 2022 to $1.6 billion in 2024;

- the Government provides loan guarantees to enterprises through the SME Financing Guarantee Scheme (SFGS), launching the 80%, 90% and Special 100% Guarantee Products in 2012, 2019 and 2020 respectively to help SMEs obtain commercial loans and to assist enterprises hard hit by the epidemic in coping with cash flow problems. The FS announced in the 2024-25 Budget the extension of the application period for the 80% and 90% Guarantee Products under the SFGS for 2 years to end March 2026; and

- the Government established "SME ReachOut" in January 2020 to help SMEs identify suitable government funding schemes and answer questions relating to applications. The FS announced in the 2023-24 Budget to allocate $100 million to the Hong Kong Productivity Council (HKPC) to gradually enhance the services of "SME ReachOut" in the ensuing 5 years starting from 2023. HKPC has enhanced the services of "SME ReachOut" since October 2023, including arranging visits to more chambers of commerce, commercial and industrial buildings and co-working spaces, and increasing the publicity in social media so as to step up the promotion of government funding schemes. At the same time, more one-on-one consultation sessions have been provided to assist SMEs in applying for government funding and building their capacities, focusing on areas such as "environmental, social and governance" (ESG), technology transformation, digitalisation and cyber security, with a view to enhancing their competitiveness through leveraging new technologies.

<u>Hong Kong Trade Development Council</u>

The Hong Kong Trade Development Council (HKTDC) has been cooperating with the Government to provide multi-faceted support for SMEs, emerging industries and start-ups:

- HKTDC's services, including the "GoGBA one-stop platform", "Transformation Sandbox" (T-box) business support programme, "Digital Academy" and "Start-up Express", provide training, upgrading as well as digital transformation support through various seminars and workshops to help SMEs and start-ups enhance competitiveness and identify the opportunities in the Guangdong-Hong Kong-Macao Greater Bay Area and other emerging markets as well as find new partners and build customer connections. HKTDC also publishes research reports and articles on different markets, industries and business issues to provide latest market analyses and product information to help enterprises grasp business opportunities;

- in 2024-25, HKTDC will continue to create opportunities for enterprises through organising large-scale flagship events. HKTDC will also render professional consultation services to help SMEs with branding, developing the e-commerce markets and accelerating digital transformation; and

- the Hong Kong Shopping Festival, to be organised on e-commerce platforms by the Commerce and Economic Development Bureau through HKTDC, will be held in the third quarter of 2024 to enable SMEs to leverage the advantages of "high traffic flow" and "massive customer base" of these platforms to promote awareness of Hong Kong brands for developing the Mainland domestic sales market. HKTDC is liaising with different e-commerce and social media platforms with high volume of user traffic for the preparation, and will actively encourage and promote Hong Kong enterprises and brands to participate in the Hong Kong Shopping Festival.

Hong Kong Export Credit Insurance Corporation

Through the provision of export credit insurance services, the Hong Kong Export Credit Insurance Corporation (HKECIC) protects Hong Kong exporters against non-payment risks arising from commercial or political events, thereby supporting the export trade and the business development of SMEs. To ensure that HKECIC would possess sufficient underwriting capacity to continue to support Hong Kong exporters, including SMEs seeking to expand into the markets of the Mainland and the Association of Southeast Asian Nations (ASEAN), the Government secured LegCo's approval on 17 January 2024 to raise the statutory maximum liability from $55 billion to $80 billion so as to allow HKECIC to expand its insurance coverage in different markets, thereby reinforcing market confidence.

Furthermore, HKECIC has, in collaboration with 5 local banks, jointly launched the "risk-sharing arrangement on domestic sales" to share the risk of conducting sales on the Mainland, with a view to enhancing HKECIC's understanding of Mainland buyers, thereby strengthening HKECIC's underwriting capacity and protecting exporters including SMEs to explore the Mainland market. HKECIC has also enhanced its free credit check services, increasing the number of free credit checks on ASEAN buyers available to each exporter from 6 to 12, such that exporters can assuredly develop their business in ASEAN.

Support and Consultation Services for SMEs

The Government has consolidated the 4 SME centres, namely the "Support and Consultation Centre for SMEs" (SUCCESS) under TID, the "SME Centre" under HKTDC, the "SME One" under HKPC and the "TecONE" under Hong Kong Science and Technology Parks Corporation, to provide "four-in-one" integrated services, so that SMEs can receive consultation and referral services in any one of the aforementioned centres. The 4 SME centres from time to time co-organise "four-in-one" seminar series, such as organising seminars on ESG, digital transformation, exploration of overseas and the Mainland markets in order to enhance the capacities of SMEs. Also, as announced in the 2023 Policy Address, SUCCESS under TID will take lead and co-operate with the other 3 SME centres to strengthen the provision of information to SMEs on conducting e-commerce business in the Mainland market, with a view to equipping enterprises to expand their businesses through leveraging e-commerce. We expect that the 4 SME centres will organise over 10 webinars/physical seminars related to e-commerce in the first half of 2024.

The total estimated expenditure of the BUD Fund, the EMF and the TSF in 2024-25 is about $1.879 billion. The estimated expenditure to be borne by the Government in 2024-25 with regard to the work on "SME ReachOut" is about $19.1 million. The relevant expenditure of the other work has been subsumed under the overall estimated expenditure of the concerned department/organisations, and cannot be quantified separately.

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB027

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0455)

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 2024-25, the Hong Kong Trade Development Council will help Hong Kong and international businesses capitalise on the promising opportunities offered by the National 14th Five-Year Plan with the Greater Bay Area development as a central theme. What are the implementation details of such work?

Asked by: Hon LAM Kin-fung, Jeffrey (LegCo internal reference no.: 3)

Reply:

The Hong Kong Trade Development Council (HKTDC) will strengthen support for Hong Kong enterprises on the Mainland, which includes providing services through the "GoGBA Business Support Centres" in all the nine Mainland cities in the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) and launching GoGBA2.0, so as to provide more comprehensive support for Hong Kong and international businesses seeking to expand into the GBA. The HKTDC will also organise GBA missions, stage its flagship promotion campaign, SmartHK, in Nanjing as well as participate in the China International Import Expo in Shanghai, to assist Hong Kong enterprises in grasping business opportunities in the vast import market of the Mainland through business matching and pitching events.

Meanwhile, the HKTDC will incorporate GBA elements into its international conferences and flagship overseas promotion events, so as to deepen the global business community's understanding of the development and opportunities in the GBA and encourage them to tap into the GBA and international market via Hong Kong. The HKTDC will also inject such elements as sustainable development, innovation and technology, medical and health, as well as Hong Kong's legal and dispute resolution services into its events, promoting the high-quality development of Hong Kong's pillar and emerging industries. Through its global network, online platform and physical fairs, as well as support schemes for small and medium enterprises and start-ups, the HKTDC will continue to facilitate local and international businesses in understanding the Mainland market and help them with digital transformation, in order to seize the opportunities brought by the National 14th Five-Year Plan.

- End -

Reply Serial No.

CEDB028

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0458)

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:

One of the main responsibilities of the Commerce and Economic Development Bureau is to support small and medium-sized enterprises (SMEs). Regarding the SME Financing Guarantee Scheme, please advise:

1) The number of applications approved under various Guarantee Products in each of the past 12 months and the loan amount involved:

Number of applications and amount	80% Guarantee Product	90% Guarantee Product	Special 100% Guarantee Product
March 2023			
April 2023			
...			
February 2024			

2) The number of companies applying for various existing Guarantee Products as well as the average, median, upper quartile and lower quartile of the loan amounts involved.

3) The amount of credit lines used under various Guarantee Products against the Government's approved commitment as well as the number of cases with financial problems (e.g. in default or insolvency situations) and the amounts involved.

Asked by: Hon LAM Kin-fung, Jeffrey (LegCo internal reference no.: 6)

Reply:

The Government launched the 80% Guarantee Product under the SME Financing Guarantee Scheme (SFGS) in May 2012. Subsequently, the 90% and Special 100% Guarantee Products were launched in December 2019 and April 2020 respectively, while the total loan guarantee commitment has been raised significantly from $100 billion to $280 billion. The number of approved applications and loan amount of various guarantee products of the SFGS in the past 12 months are as follows:

	80% Guarantee Product	**90% Guarantee Product**	**Special 100% Guarantee Product**
March 2023	221 applications $972 million	237 applications $464 million	1 012 applications $3,376 million
April 2023	140 applications $544 million	151 applications $263 million	667 applications $2,106 million
May 2023	190 applications $776 million	252 applications $469 million	732 applications $2,292 million
June 2023	219 applications $952 million	282 applications $487 million	594 applications $1,965 million
July 2023	141 applications $592 million	221 applications $374 million	490 applications $1,847 million
August 2023	192 applications $742 million	315 applications $518 million	480 applications $1,700 million
September 2023	176 applications $676 million	339 applications $593 million	370 applications $1,391 million
October 2023	135 applications $705 million	227 applications $390 million	352 applications $1,275 million
November 2023	164 applications $804 million	263 applications $457 million	391 applications $1,311 million
December 2023	145 applications $464 million	230 applications $438 million	246 applications $876 million
January 2024	157 applications $502 million	278 applications $516 million	239 applications $850 million
February 2024	140 applications $525 million	269 applications $447 million	226 applications $794 million

As at end February 2024, more than 100 000 applications have been approved under the SFGS, involving a total of over $274 billion of loans. The average loan amounts approved per enterprise under the 80%, 90% and the Special 100% Guarantee Products are $8.4 million, $2.5 million and $3.6 million respectively, benefitting over 61 000 enterprises and about 780 000 employees in total. The remaining available guarantee commitment of the SFGS was $30.5 billion. HKMC Insurance Limited (HKMCI), which is responsible for administering and managing the SFGS, does not maintain any breakdown of the median, upper quartile and lower quartile of the loan amounts involved.

As at end February 2024, the cumulative default rates of the 80%, 90% and Special 100% Guarantee Products were about 4.2%, 2% and 6.8% respectively, lower than the assumed overall default rates (12%, 16% and 25% respectively). There were a total of 6 512 default cases, involving a guarantee amount of around $13.7 billion. Nevertheless, the actual default rates of the SFGS are subject to change having regard to the overall economic environment and the operational situation of individual borrowing enterprises. The Government and HKMCI will continue to monitor the situation closely.

- End -

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0476)

Head:	(152) Government Secretariat: Commerce and Economic Development Bureau
Subhead (No. & title):	(000) Operational expenses
Programme:	(-) -
Controlling Officer:	Permanent Secretary for Commerce and Economic Development (Miss Eliza LEE)
Director of Bureau:	Secretary for Commerce and Economic Development

Question:

As stated under Head 152 Commerce and Economic Development Bureau (CEDB) on page 314, Volume I of the Estimates, the CEDB will continue to strengthen policy work related to overseas Economic and Trade Offices (ETOs), including enhancing their functions and expanding the ETO network. In this connection, please inform this Committee:

1. of the staff establishment and operational expenses of each overseas ETO in the past year;

2. of the staff establishment and estimated expenditure of each overseas ETO in the coming year; and

3. as the Government plans to set up more overseas ETOs to develop overseas markets, of the estimated manpower and expenditure to be involved for the relevant work.

Asked by: Hon LAM Kin-fung, Jeffrey (LegCo internal reference no.: 24)

Reply:

The staff establishment and total operational expenses for the revised estimate for 2023-24 and the estimate for 2024-25 of the 14 overseas Hong Kong Economic and Trade Offices (ETOs) are as follows:

ETO	2023-24 (Revised Estimate)		2024-25 (Estimate)	
	Staff establishment (number of posts)	**Total operational expenses Note ($ million)**	**Staff establishment (number of posts)**	**Total operational expenses Note ($ million)**
Bangkok	17	24.4	17	30.6
Berlin	17	26.5	17	32.5
Brussels	17	35.5	17	47.6
Dubai	17	32.1	17	37.6
Geneva	15	42.4	15	50.0
Jakarta	14	21.7	14	26.0
London	19	33.5	19	41.7
New York	14	33.2	14	39.6
San Francisco	16	30.2	16	36.5
Singapore	11	22.1	11	26.7
Sydney	13	25.2	13	30.5
Tokyo	14	32.2	14	38.0
Toronto	11	19.1	11	23.7
Washington	18	36.0	18	45.1

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

For the plan to set up new ETOs, we will take into due consideration the scope of duties, country coverage and operational needs of the new ETOs in working out the estimated expenditure for the new ETOs. Generally speaking, an ETO comprises 5 Hong Kong-based officers and 12 locally-engaged staff with total operational expenses estimated to be around $30 million per year. We expect the manpower and resources required by the new ETOs to be similar to those of the existing ETOs.

- End -

Examination of Estimates of Expenditure 2024-25 | Reply Serial No.

CEDB030

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0477)

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

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

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:

The Government plans to launch "E-commerce Easy" under the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) to provide support of up to $1 million per enterprise for implementing e-commerce projects in the Mainland. Please inform this Committee of:

1. the details of "E-commerce Easy", the government manpower and expenditure involved in the relevant work, and the expected time of implementation for applications by enterprises;

2. the number of enterprises expected to benefit from "E-commerce Easy", the funding involved, and whether "E-commerce Easy" will be reviewed after its implementation and extended to cover e-commerce projects implemented by enterprises in overseas markets; and

3. whether any new work plan is developed under the BUD Fund to assist small and medium enterprises in expanding into the Mainland and overseas markets in the future; if so, of the details, if no, of the reasons.

Asked by: Hon LAM Kin-fung, Jeffrey (LegCo internal reference no.: 25)

Reply:

The Financial Secretary announced in the 2024-25 Budget the further injection of $500 million into the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund), thereby increasing its total commitment to $7 billion, for sustaining its operation and introducing "E-commerce Easy". We expect that "E-commerce Easy" will be launched in July 2024, which enables small and medium enterprises to make use of the $1 million funding ceiling of a single project flexibly for implementing electronic commerce (e-commerce) projects on the Mainland within the cumulative funding ceiling of $7 million per enterprise. The project measures that could be funded will include the establishment of online stores and placement of advertisements on third-party online sales platforms, and the incorporation of online payment options on the websites of enterprises, etc.

The manpower and expenditure of the Commerce and Economic Development Bureau and the Trade and Industry Department for implementing the BUD Fund (including "E-commerce Easy") have been subsumed under the respective overall establishment and estimated expenditure, and cannot be quantified separately. The estimated expenditure of the BUD Fund (including "E-commerce Easy") in 2024-25 is $1.195 billion, including the manpower and other fees provided to the Hong Kong Productivity Council as the Programme Secretariat for implementing the BUD Fund, as well as disbursements to grantees.

All enterprises eligible to apply for the BUD Fund can apply for "E-commerce Easy" to be launched. As at end February 2024, there have been more than 5 100 enterprises benefitting from the BUD Fund. We expect that the number of applications and the funding amounts approved will increase after the launch of "E-commerce Easy".

The Government has launched several rounds of enhancements to the BUD Fund since August 2018, including increasing the cumulative funding ceiling per enterprise and expanding its geographical coverage, to strengthen the support for Hong Kong enterprises to develop more diversified markets and enhance their competitiveness. Following the current-term Government's signing of investment promotion and protection agreements (IPPAs) with Türkiye and Bahrain in end October 2023 and early March 2024 respectively, the current geographical coverage of the BUD Fund has been extended to 39 economies with which Hong Kong has signed free trade agreements (FTAs) and/or IPPAs. The geographical coverage of the BUD Fund will be further expanded as Hong Kong signs more FTAs or IPPAs in the future.

In addition, the Government keeps on reviewing the operation and implementation of the BUD Fund, and simplifying its application procedure. "Easy BUD" was also launched recently in June 2023 to expedite the vetting of applications involving designated measures with a funding amount of $100,000 or below. We will review the arrangements of "Easy BUD" by the end of 2024 and will make adjustments where appropriate, having regard to the response from the trade and the market situation. We will review the relevant operational arrangements and experience after launching "E-commerce Easy", and will in due course expand its funding scope from the Mainland to also cover other economies with which Hong Kong has signed FTAs and/or IPPAs.

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB031

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0479)

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:

The Government will enhance the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) to support Hong Kong enterprises in developing their brands, restructuring their operations and promoting sales on the Mainland as well as free trade agreement (FTA) and investment promotion and protection agreement (IPPA) markets. Please inform this Committee of:

1. the numbers of applications received and approved, as well as the funding involved under the "Mainland Programme" and the "FTA and IPPA Programme" of the BUD Fund in each of the past 3 years;

2. the industries involved in the funded enterprises in the past 3 years and their percentage shares; and

3. the number of additional enterprises expected to benefit from raising the cumulative funding ceiling of the BUD Fund, and the funding involved.

Asked by: Hon LAM Kin-fung, Jeffrey (LegCo internal reference no.: 27)

Reply:

The implementation of the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) in the past 3 years is as follows:

"Mainland Programme"

	2021	2022	2023
Number of applications received [Note 1]	1 957	1 632	3 052
Number of applications approved	702	945	1 046
Amount of funding approved	$509 million	$704 million	$772 million

Note 1: Applications received may not be processed in the same year. The figures include applications that could not be processed owing to incomplete information and those withdrawn voluntarily by enterprises afterwards.

"FTA and IPPA Programme" [Note 2]

	2021	2022	2023
Number of applications received [Note 3]	623	1 005	1 687
Number of applications approved	192	397	660
Amount of funding approved	$122 million	$256 million	$382 million

Note 2: Covering economies with which Hong Kong has signed free trade agreements and/or investment promotion and protection agreements.

Note 3: Applications received may not be processed in the same year. The figures include applications that could not be processed owing to incomplete information and those withdrawn voluntarily by enterprises afterwards.

The funding approved under the BUD Fund, breakdowns by major beneficiary sectors, in the past 3 years are as follows:

	2021	2022	2023
Major beneficiary sectors (in the order of the largest number of applications approved) [percentage of the number of applications approved out of the total number of applications approved in the same year]	1. Wholesale and Retail [17.3%]	1. Wholesale and Retail [18.2%]	1. Wholesale and Retail [20.4%]
	2. Import and Export Trade [13.4%]	2. Import and Export Trade [13.6%]	2. Import and Export Trade [11.3%]
	3. Textiles and Clothing [6.5%]	3. Electronics [5.9%]	3. Information Technology [5.5%]
	4. Information Technology [6.3%]	4. Information Technology [5.5%]	4. Textiles and Clothing [5.3%]
	5. Electronics [5.7%]	5. Textiles and Clothing [5.0%]	5. Electronics [4.1%]
	6. Plastics [4.7%]	6. Plastics [3.4%]	6. Metal Products [3.3%]
	7. Metal Products [4.1%]	7. Metal Products [3.1%]	7. Advertisement, Sales and Marketing [2.9%]
	8. Industrial Machinery [2.5%]	8. Toys [2.6%]	8. Creative Industries [2.8%]
	9. Advertisement, Sales and Marketing [2.2%]	9. Creative Industries [2.4%]	9. Professional Services (including legal and accounting services) [2.8%]
	10. Creative Industries [2.1%]	10. Advertisement, Sales and Marketing [2.3%]	10. Plastics [2.5%]

The Government raised the cumulative funding ceiling per enterprise under the BUD Fund twice in the past 3 years, from $4 million to $6 million in July 2021, and further to $7 million in November 2022. As at end February 2024, there have been a total of 5 112 enterprises benefitting from the BUD Fund, with 37 having received a cumulative funding of $4 million or more.

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB032

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0480)

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:

The Government plans to enhance the SME Financing Guarantee Scheme (SFGS), which includes extending the application period and introducing an additional partial principal repayment option to enable more flexible repayment by small and medium enterprises (SMEs). Will the Government please inform this Committee of the following:

1. What are the numbers of applications and beneficiary enterprises, as well as the amounts of money involved under the SFGS in the past 3 years?

2. What are the numbers of applicant enterprises from different industries, as well as the proportions and the amounts of money involved in the past 3 years?

3. What are the estimated number of beneficiary enterprises and expenditure involved as a result of the extension of the application period?

4. As the Government plans to introduce an additional partial principal repayment option for SMEs, what are the implementation progress and the estimated number of beneficiary enterprises?

Asked by: Hon LAM Kin-fung, Jeffrey (LegCo internal reference no.: 28)

Reply:

The figures of the applications of the various guarantee products of the SME Financing Guarantee Scheme (SFGS) in the past 3 years are as follows:

	80% Guarantee Product	90% Guarantee Product	Special 100% Guarantee Product
Number of Applications Received	6 926	8 835	45 142
Number of Applications Approved	6 045	8 136	40 358
Total Loan Amount of Approved Applications ($)	28.87 billion	15.37 billion	99.42 billion
Number of Benefitted Enterprises	2 602	5 613	19 578
<u>Number of Approved Applications by Beneficiary Sectors</u>			
• Trading, Wholesale and Retail	3 384 (56%)	4 356 (54%)	13 946 (34%)
• Engineering and Construction	569 (9%)	856 (10%)	3 586 (9%)
• Manufacturing	451 (8%)	296 (4%)	1 861 (5%)
• Others (e.g. Catering, Transportation)	1 641 (27%)	2 628 (32%)	20 965 (52%)

The Financial Secretary announced in the 2024-25 Budget the extension of the application period for the 80% and 90% Guarantee Products under the SFGS for two years to end March 2026. It is expected that additional loans amounting to $38 billion will be approved, incurring an additional expense of around $1.83 billion. The number of beneficiary enterprises is subject to the overall economic environment and the financing needs of individual enterprises. The Government and HKMC Insurance Limited, which is responsible for administering and managing the SFGS, will continue to monitor the situation closely.

The Chief Executive announced in his 2023 Policy Address that more flexible repayment options would be provided under the SFGS, so as to enable enterprises to have more time to gradually switch from principal moratorium to normal repayments. Eligible borrowing enterprises may apply for a maximum of 48 months of the partial principal repayment (PPR) arrangement, including:

- repaying only 10% of the original principal repayment amount per instalment for a period of 12 months;
- repaying only 20% of the original principal repayment amount per instalment for a period of 18 months;
- repaying only 50% of the original principal repayment amount per instalment for a period of 30 months; or
- negotiating with the lending institutions for an alternative PPR arrangement.

Whether a borrowing enterprise would apply for the PPR arrangement is subject to change having regard to the overall economic environment, the variation of the interest rate cycles and the operational situations of individual enterprises. As at end February 2024, about 1 800 loans have switched to the PPR arrangement upon expiry of the principal moratorium arrangement.

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB033

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0842)

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 providing services for supporting Mainland enterprises based in Hong Kong to establish a foothold in the Belt and Road Initiative countries, has the Hong Kong Trade Development Council given priority to advising such enterprises to employ local talents of legal and accountancy disciplines in Hong Kong?

Asked by: Hon LAM San-keung (LegCo internal reference no.: 14)

Reply:

The Hong Kong Trade Development Council (HKTDC) has been proactively promoting Hong Kong's competitive edges and opportunities, including our professional services in the legal and accounting fields, to the Mainland and global business community through organising diversified outreach activities, large-scale exhibitions and conventions, as well as implementing information platforms and support schemes, so as to consolidate Hong Kong's position as a global commercial hub.

Leveraging its network of 50 offices worldwide and Hong Kong's professional financial, legal and accounting services, the HKTDC organises business missions and outreach activities to Belt and Road (B&R) countries and facilitates tripartite collaboration between enterprises, investors and professional service providers in the Mainland and Hong Kong as well as B&R project owners, so as to establish Hong Kong as the international business centre for B&R countries.

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB034

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2704)

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

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

Programme: (-) -

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

Director of Bureau: Secretary for Commerce and Economic Development

Question:

In 2023, did the Commerce and Economic Development Bureau engage external lawyers for consultancy services in accordance with the Stores and Procurement Regulations of the Government without first seeking assistance from the Department of Justice? If so, what were the nature of such services and the expenditures incurred?

Asked by: Hon LAM San-keung (LegCo internal reference no.: 28)

Reply:

The Commerce and Economic Development Bureau had not engaged any external lawyers for consultancy services in 2023.

- End -

Examination of Estimates of Expenditure 2024-25 | Reply Serial No.

CEDB035

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1748)

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

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

Programme: (1) Director of Bureau's Office

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 paragraph 148 of the Budget Speech that in recent times, Hong Kong's total exports have seen their share of the Europe and US markets decline, while its exports to developing countries such as those in the Association of Southeast Asian Nations (ASEAN) and the Middle East is on the rise. In this regard, will the Government inform this Committee of:

(1) the value of Hong Kong's total export trade to Europe and US markets in the past 3 years, with a breakdown by country/region;

(2) the value of Hong Kong's total export trade to developing countries such as those in ASEAN and the Middle East in the past 3 years, with a breakdown by country/region; and

(3) the measures of Hong Kong to support enterprises to enhance their export trade services to developing countries such as those in ASEAN and the Middle East?

Asked by: Hon LAM Shun-chiu, Dennis (LegCo internal reference no.: 27)

Reply:

The total value of exports to the top ten destinations in Europe and the United States (US) in the previous three years is tabulated below ($ million):

2021		2022		2023	
Netherlands	79,412	Netherlands	79,475	Netherlands	77,475
Germany	73,585	Germany	66,358	United Kingdom	59,959

2021		2022		2023	
United Kingdom	73,438	United Kingdom	48,489	Germany	50,745
Russia	38,659	France	30,222	Switzerland	33,756
France	37,240	Switzerland	26,721	France	29,129
Switzerland	28,488	Italy	25,351	Italy	23,207
Italy	28,367	Russia	18,646	Russia	20,734
Poland	17,663	Belgium	15,688	Belgium	15,954
Belgium	17,026	Hungary	15,257	Poland	12,224
Spain	15,746	Spain	13,747	Spain	12,087
Europe	500,237	Europe	430,487	Europe	419,042
US	309,619	US	292,705	US	272,476
Total of Europe and US*	809,856	Total of Europe and US*	723,192	Total of Europe and US*	691,518

The total value of exports to the member states of the Association of Southeast Asian Nations (ASEAN) in the previous three years is tabulated below ($ million):

	2021	2022	2023
Vietnam	103,277	112,424	111,878
Singapore	69,898	82,916	65,138
Thailand	57,228	59,093	64,819
Malaysia	39,191	43,443	37,001
The Philippines	35,848	34,439	28,408
Indonesia	23,148	20,290	17,723
Cambodia	7,505	5,867	5,254
Myanmar	1,457	1,208	845
Brunei	309	209	189
Laos	154	127	114
Total*	338,015	360,017	331,370

The total value of exports to the member states of the Cooperation Council for the Arab States of the Gulf (GCC) in the previous three years is tabulated below ($ million):

	2021	2022	2023
United Arab Emirates (UAE)	70,186	94,974	103,466
Saudi Arabia	10,022	8,045	8,338
Qatar	3,488	3,895	2,869
Kuwait	1,234	1,114	1,055
Oman	566	578	761
Bahrain	418	787	671
Total*	85,914	109,393	117,160

* Due to rounding effect, the aggregate of individual figures may not correspond with the total number provided.

The HKSAR Government has proactively strengthened economic and trade relations with the Middle East and ASEAN, with a view to deepening regional cooperation. As mentioned in the 2024-25 Budget, the HKSAR Government is planning to establish Hong Kong overseas Economic and Trade Offices in Riyadh, Saudi Arabia and Kuala Lumpur, Malaysia, to assist us in constructing a broader network in the Middle East and ASEAN and enhance our external trade. As for investment promotion and protection agreements (IPPAs), the HKSAR Government has signed IPPAs with Kuwait and UAE within the GCC member states, and both agreements have come into force. The HKSAR Government has signed an IPPA with Bahrain which will come into force after the completion of relevant internal procedures. We have also, since mid-year 2023, began IPPA negotiations with Saudi Arabia, and both sides intend to conclude negotiations as soon as possible.

In terms of regional cooperation, upon the entry into force of the Regional Comprehensive Economic Partnership (RCEP) [Note] on 1 January 2022, the HKSAR Government has immediately submitted Hong Kong's formal accession request, and actively made use of various regional fora and at different levels and occasions to reiterate Hong Kong's keen interest in joining RCEP. RCEP is an important milestone in fostering regional economic integration, as it explicitly and irrefutably expresses a supportive message for open, inclusive and rule-based trade and investment arrangements. Against the backdrop of the pervasive spread of protectionism, RCEP will further complement the development of regional supply chains, thereby fostering regional free trade and encourage investment, and promoting plurilateral co-operation. Hong Kong's prospective RCEP membership would further drive Hong Kong's participation in regional economic integration, continue to maintain and strengthen Hong Kong's vital strategic position as an international finance, trade and logistics centre, and foster trade flows between the nation, Hong Kong and other places as part of external circulation. The HKSAR Government will seek early commencement of negotiations and discussions with RCEP member economies and strive to forge consensus from various sectors in supporting Hong Kong's accession to RCEP.

The Hong Kong Trade Development Council (HKTDC) will also set up additional consultant offices in Dhaka, the capital city of Bangladesh and Phnom Penh, the capital city of Cambodia in 2024-25, to strengthen trade promotion in emerging countries. The HKTDC will also proactively organise outbound missions and exchange activities, to better contribute to the high-quality development under the Belt and Road Initiative.

Concurrently, the Government has been assisting enterprises in exploring more diversified markets through various funding schemes. Among others, the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) provides funding support for enterprises to develop business in 39 economies with which Hong Kong has signed free trade agreements and/or IPPAs, including ASEAN, as well as Bahrain, Kuwait, the UAE, etc. Further to the Government's launch of "Easy BUD" in June 2023 to expedite the vetting of applications involving designated measures with a funding amount of $100,000 or below, the Financial Secretary announced in the 2024-25 Budget the further injection of $500 million into the BUD Fund, thereby increasing its total commitment to $7 billion for sustaining its operation. In addition, the SME Export Marketing Fund (EMF) provides funding support for small and medium enterprises to participate in export promotion activities for developing markets outside Hong Kong, including the ASEAN and the Middle East markets. The Government has increased the cumulative funding ceiling per enterprise to $1 million since November

2022 to enable enterprises to conduct more promotion activities for developing more business opportunities in markets outside Hong Kong.

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

- End -

Examination of Estimates of Expenditure 2024-25 | Reply Serial No.

CEDB036

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1752)

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:

As mentioned in paragraph 53 of the Budget Speech, it is proposed to inject $500 million more into the fund to help small and medium enterprises boost their competitiveness and tap into Mainland and overseas markets, including the launch of "E-commerce Easy" under the fund to provide support of up to $1 million per enterprise for implementing e-commerce projects in the Mainland. In this connection, will the Government advise this Committee of:

(1) the funding and expenditure for implementing e-commerce projects in the Mainland by Hong Kong enterprises in the past 3 years; and

(2) the total trade of e-commerce projects by Hong Kong enterprises in the past 3 years.

Asked by: Hon LAM Shun-chiu, Dennis (LegCo internal reference no.: 31)

Reply:

The Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) provides funding support for enterprises to develop business in 39 economies with which Hong Kong has signed free trade agreements and/or investment promotion and protection agreements (including the Mainland). From 2021 to 2023, a total of 2 693 applications targeting the Mainland market were approved under the BUD Fund, involving a funding amount of about $1.99 billion. Among the approved applications, over one-third involved measures related to electronic commerce (e-commerce), including establishing online sales platforms, establishing online stores on third-party online sales platforms, developing or enhancing mobile applications and websites (for example incorporating online payment options on the website).

In addition, the SME Export Marketing Fund (EMF) provides funding support for small and medium enterprises to participate in export promotion activities to expand their markets outside Hong Kong, including participating in and conducting export promotion activities through electronic platforms or media, and setting up or enhancing corporate websites/mobile applications owned by the enterprises that target markets outside Hong Kong for export promotion. From 2021 to 2023, a funding amount of about $288 million was approved under the EMF to provide funding support for Hong Kong enterprises to implement e-commerce projects in the Mainland and other markets outside Hong Kong.

The Government does not have information on the volume of trade enabled by the above approved projects.

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB037

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0594)

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 Estimates that the Hong Kong Trade Development Council will help Hong Kong and international businesses capitalise on the promising opportunities offered by the National 14th Five-Year Plan with the Greater Bay Area development as a central theme in 2024-25. Please inform this Committee of:

1. the details of the central theme of the Greater Bay Area development and the activities planned, as well as the estimated expenditure involved; and

2. the reasons for the decrease in the number of trade and services promotion events from 698 in 2022 to an estimate of 650 under "Indicators" and the details of the reduction.

Asked by: Hon LAM Siu-lo, Andrew (LegCo internal reference no.: 14)

Reply:

The Hong Kong Trade Development Council (HKTDC) will seize the opportunities brought by the National 14th Five-Year Plan and continue to explore opportunities in the Mainland market for Hong Kong and international enterprises. The HKTDC will strengthen support for Hong Kong enterprises on the Mainland, which includes providing services through the "GoGBA Business Support Centres" in all the nine Mainland cities in the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) and launching GoGBA2.0, so as to provide more comprehensive support for Hong Kong and international businesses seeking to expand into the GBA. The HKTDC will also organise GBA missions, stage its flagship promotion campaign, SmartHK, in Nanjing as well as participate in the China International Import Expo in Shanghai, to assist Hong Kong enterprises in grasping business opportunities in the vast import market of the Mainland through business matching and pitching events. The above work has been subsumed under the overall estimated expenditure of the HKTDC, and cannot be quantified separately. The HKTDC will continue to closely follow up on matters related to the development of GBA.

The HKTDC has been helping small and medium enterprises in tapping into the Mainland and global markets by organising international exhibitions and trade and services promotion events. In response to the evolving market condition, the HKTDC will consolidate different events and services or add new elements, sessions and zones, thus the number of trade and services promotion events organised each year may vary.

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB038

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0597)

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:

The estimated financial provision for Programme (2) Commerce and Industry in this financial year is increased by 56.7%. It is stated in the "Analysis of Financial and Staffing Provision" that the increase is mainly due to the increased cash flow requirement for the SME Financing Guarantee Scheme (SFGS) – Guarantee Products. In this connection, please inform this Committee:

1. of the current default rate of SFGS, and whether the Bureau will consider increasing the financing amount; and

2. whether it has assessed the impact of extending the application period by 2 years on the default rate.

Asked by: Hon LAM Siu-lo, Andrew (LegCo internal reference no.: 18)

Reply:

As at end February 2024, the cumulative default rates of the 80%, 90% and Special 100% Guarantee Products under the SME Financing Guarantee Scheme (SFGS) were about 4.2%, 2% and 6.8% respectively.

The Financial Secretary announced in the 2024-25 Budget the extension of the application period for the 80% and 90% Guarantee Products under the SFGS for two years to end March 2026. The total loan guarantee commitment provided by the Government under the SFGS will be increased by $10 billion, from currently $280 billion to $290 billion. The actual default rates are subject to change having regard to the overall economic environment and the operational situation of individual borrowing enterprises. The Government and HKMC Insurance Limited, which is responsible for administering and managing the SFGS, will continue to monitor the situation closely.

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB039

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0600)

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:

It is mentioned in the Matters Requiring Special Attention in 2024-25 that the Bureau will continue to monitor developments on various regional economic integration initiatives and explore opportunities for Hong Kong's participation, including seeking early accession to the Regional Comprehensive Economic Partnership (RCEP). Under Programme (2) Commerce and Industry, it is also briefly mentioned that there was engagement with members of the RCEP to consolidate support for Hong Kong's early accession. According to the available information, Hong Kong formally submitted an application for accession to the RCEP in early 2022. In this connection, please advise this Committee of the reasons for the slow progress of Hong Kong's accession to the RCEP, its latest progress and the expected economic opportunities to be brought to Hong Kong after the accession.

Asked by: Hon LAM Siu-lo, Andrew (LegCo internal reference no.: 21)

Reply:

Upon the entry into force of the Regional Comprehensive Economic Partnership (RCEP) [Note] on 1 January 2022, the HKSAR Government has immediately submitted Hong Kong's formal accession request, and actively made use of various regional fora and at different levels and occasions to reiterate Hong Kong's keen interest in joining RCEP. Responses have been positive. For example, in July 2023, the Chief Executive personally led a high-level delegation to the ASEAN, visiting Singapore, Indonesia and Malaysia. He met with the leaders of these three countries and had exchanges with the Secretary-General of ASEAN and local business leaders, with an aim to showing appreciation for ASEAN's steadfast support for Hong Kong's accession to RCEP. Thereafter, the Secretary for Commerce and Economic Development (SCED) co-chaired with the Indonesian Minister of Trade the 7th ASEAN Economic Ministers (AEM)-Hong Kong, China Consultation in August 2023 in Indonesia. At the meeting, AEM noted the value and important contributions that Hong Kong would bring upon its prospective accession to RCEP, and positively welcomed Hong

Kong's accession request. In addition, in January 2024, the Trade and Industry Department (TID), in conjunction with Invest Hong Kong and the Hong Kong Trade Development Council, organised a luncheon with the theme of fostering trade and economic ties between Hong Kong and ASEAN. SCED attended and chaired the proceedings. Over 100 guests from the public and business sectors were in attendance, including the Consuls-General of RCEP members, representatives of their chambers of commerce and local chambers. The attendees expressed support for Hong Kong's early accession to RCEP in order to further drive regional trade and economic development. Concurrently, TID and relevant overseas Hong Kong Economic and Trade Offices have continued to maintain close liaison with the trade and economic departments of RCEP members to foster favourable conditions for the early accession of Hong Kong to RCEP.

RCEP is an important milestone in fostering regional economic integration, as it explicitly and irrefutably expresses a supportive message for open, inclusive and rule-based trade and investment arrangements. Against the backdrop of the pervasive spread of protectionism, RCEP will further complement the development of regional supply chains, thereby fostering regional free trade and encourage investment, and promoting plurilateral co-operation.

In 2023, the total bilateral merchandise trade between Hong Kong and RCEP member economies was US$782.5 billion, accounting for around 70% of Hong Kong's total merchandise trade; meanwhile, RCEP member economies are the primary destinations of Hong Kong's outward foreign investment, amounting to nearly 70% (67%) of our total outward foreign investment. Hong Kong's prospective RCEP membership would further drive Hong Kong's participation in regional economic integration, continue to maintain and strengthen Hong Kong's strategic position as an international finance, trade and logistics centre, and foster trade flows between the nation, Hong Kong and other places as part of external circulation. Moreover, Hong Kong goods and businesses would benefit from a series of measures pursuant to the Agreement which lower cost of trade and consequently harken new opportunities for Hong Kong goods and businesses seeking to expand into the regional market.

According to the understanding of the HKSAR Government, RCEP members have yet to conclude their discussions on the accession procedures for new members. The HKSAR Government will continue to seek early commencement of negotiations and discussions with RCEP member economies and strive to forge consensus from various sectors in supporting Hong Kong's accession to RCEP.

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

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB040

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0524)

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:

It is mentioned in the Budget that in-depth tours will be promoted to help stimulate the business of the food and beverage industry. Sai Kung is regarded as a district with potential for development of immersive, in-depth tourism, yet the small and medium-sized enterprises (SMEs) in the food and beverage industry in Sai Kung are faced with immense difficulties. Will the Government advise this Committee whether it will consider introducing relevant policies to help such SMEs in the food and beverage industry survive or even provide them with transformation support?

Asked by: Hon LAM So-wai (LegCo internal reference no.: 18)

Reply:

The consolidated reply of the Culture, Sports and Tourism Bureau (CSTB), the Development Bureau and the Commerce and Economic Development Bureau (CEDB) is as follows.

The Tourism Commission (TC) under CSTB will work with the Hong Kong Tourism Board to promote new thematic travel experiences anchoring seasonal, festival and mega events as well as integrating Chinese and Western arts, pop culture, wine and dine experiences, outdoor explorations, active sports and more to cater for the interest of wide-ranging visitor segments while developing immersive in-depth tourism activities in the light of the new travel trends. TC will also encourage the travel trade to launch a more diversified portfolio of tourism products. This will bring business opportunities for the catering, retail and other related sectors, stimulating consumption and generating economic benefits.

TC organised the "Yim Tin Tsai Arts Festival", an arts-cum-cultural, heritage and green tourism project at Yim Tin Tsai, Sai Kung from 2019 to 2021. In view of the successful launch of the "Yim Tin Tsai Arts Festival", TC rolls out a series of "Sai Kung Hoi Arts Festivals" between 2022 and 2024. Their coverage has been gradually expanding from Yim Tin Tsai to Sharp Island, Kau Sai Chau, and High Island, bringing travel experience integrating arts, culture, heritage and green elements to visitors. Apart from display of artworks, guided tours and programmes of various themes have been offered to visitors free of charge during the festivals held. For the festivals completed, most of the artworks showcased have been retained for visitors' appreciation. The Arts Festivals feature an integration of arts with the islands, allowing visitors to experience the natural landscape, history, culture and heritage of Sai Kung Hoi, thereby revitalising the islands and bringing business opportunities to local merchants.

Besides, DEVB will also introduce commercial facilities such as food and beverages, retail and entertainment on a pilot basis at selected suitable harbourfront locations to bring convenience and better experience to visitors.

CEDB provides loan guarantees to enterprises through the SME Financing Guarantee Scheme (SFGS), and launched the 80% and 90% Guarantee Products in 2012 and 2019 respectively to help small and medium enterprises (including enterprises in the food and beverage sector) obtain commercial loans. To assist enterprises hard hit by the epidemic in coping with cash flow problems, the Government launched in April 2020 the Special 100% Guarantee Product to provide low-interest concessionary loans. The number of beneficiary enterprises in the food and beverage sector benefitting from the SFGS as at end February 2024 is as follows:

	80% Guarantee Product	**90% Guarantee Product**	**Special 100% Guarantee Product**
Number of Applications Approved	509	458	3 788
Total Loan Amount of Approved Applications ($)	1.77 billion	0.66 billion	9.95 billion
Number of Benefitted Enterprises	342	371	2 213
Average Approved Loan Amount Per Enterprise ($)	5.2 million	1.8 million	4.5 million
Number of Benefitted Employees	16 673	5 119	28 306

The Financial Secretary announced in the 2024-25 Budget the extension of the application period for the 80% and 90% Guarantee Products under the SFGS for 2 years to end March 2026. Enterprises in the food and beverage sector in need can continue to obtain commercial loans through the SFGS to cope with cash flow problems.

- End -

Examination of Estimates of Expenditure 2024-25 Reply Serial No.

CEDB041

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2580)

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:

It is mentioned under the Matters Requiring Special Attention in 2024-25 that the Government will continue to implement the SME Financing Guarantee Scheme (SFGS), including extending the application period of the 80% and 90% Guarantee Products to 31 March 2026 to help ease the cash flow problem of small and medium enterprises (SMEs). In this connection, please advise this Committee of the following:

1) (i) the number of applications received; (ii) the number of applications approved; (iii) the amount of loans approved; (iv) the number of enterprises benefited; (v) the number of employees benefited; (vi) the beneficiary sectors and the respective numbers of applications approved in each of these beneficiary sectors in the past 5 financial years, with a breakdown by various guarantee products (i.e. the 80%, 90% and Special 100% (introduced in April 2020) Guarantee Products);

2) (i) the number of applications rejected; (ii) the sectors and the number of enterprises involved; and (iii) the reasons for rejection in the past 5 financial years, with a breakdown by various guarantee products (i.e. the 80%, 90% and Special 100% (introduced in April 2020) Guarantee Products);

3) (i) the number of default cases; (ii) the default rates; and (iii) the loan guarantee amounts involved in the past 5 financial years, with a breakdown by various guarantee products (i.e. the 80%, 90% and Special 100% (introduced in April 2020) Guarantee Products);

4) (i) the number of applications for deferment of loan repayment; (ii) the sectors and the number of enterprises involved; and (iii) the amount of deferred loan repayment involved in the past 5 financial years, with a breakdown by various guarantee products (i.e. the 80%, 90% and Special 100% (introduced in April 2020) Guarantee Products);

5) whether the Government has received complaints or conducted direction investigations on abuses of the SFGS; if yes, (i) the number of cases investigated; (ii) the sectors and

the number of enterprises involved; (iii) the amount of loans involved; (iv) the number of convicted cases; and (v) the number of persons convicted in the past 5 financial years;

6) the amount of credit lines used and the remaining uncommitted balance against the approved commitment, with a breakdown by various guarantee products (i.e. the 80%, 90% and Special 100% Guarantee Products); and

7) whether the Government has any specific plans or measures to enhance the SFGS to help expedite the post-epidemic recovery of SMEs and ensure their proper conduct of business, so as to avoid closure of their business due to financial difficulties; if yes, of the details; if no, of the reasons.

Asked by: Hon LAU Ip-keung, Kenneth (LegCo internal reference no.: 35)

Reply:

The figures of the applications of the various guarantee products of the SME Financing Guarantee Scheme (SFGS) from January 2019 to December 2023 are as follows:

	80% Guarantee Product (launched in 2012)	**90% Guarantee Product (launched in 2019)**	**Special 100% Guarantee Product (launched in 2020)**
Number of Applications Received	12 119	11 642	71 253
Number of Applications Approved	10 859	10 810	65 686
Total Loan Amount of Approved Applications ($)	52.58 billion	20.29 billion	139.08 billion
Cumulative Number of Default Cases Note 1	1 639	340	4 533
Cumulative Loan Guarantee Amount of Default Cases Note 1	3.75 billion	0.38 billion	9.59 billion
Cumulative Default Rate Note 1	4.2%	2%	6.8%
Number of Applications Rejected	42	70	542
Number of Benefitted Enterprises	4 923	8 185	39 153
Number of Approved Applications by Beneficiary Sectors			
• Trading, Wholesale and Retail	5 941	5 604	23 342
• Engineering and Construction	1 077	1 081	5 578

	80% Guarantee Product (launched in 2012)	**90% Guarantee Product (launched in 2019)**	**Special 100% Guarantee Product (launched in 2020)**
• Manufacturing	971	486	3 727
• Others (e.g. Catering, Transportation)	2 870	3 639	33 039
Number of Benefitted Employees	88 821	75 927	392 179

Note 1: The cumulative default figures were the figures as at end February 2024.

The main reasons for not approving some applications under the SFGS are ineligibility or failure to provide sufficient documents of proof and, in some cases, owing to suspected involvement of illegal activities. If requested by an applicant enterprise, the lending institution and HKMC Insurance Limited (HKMCI) (which is responsible for administering and managing the SFGS) will explain the reasons for not approving the application (e.g. lacking certain documents of proof), although it may not be possible to provide a specific explanation in certain situations (e.g. for suspicious cases that are subject to investigation). HKMCI does not separately collate the statistics in respect of the rejected applications by sectors and the number of enterprises involved.

Among the loans which have been approved for the principal moratorium and the partial principal repayment arrangements under the SFGS, most borrowing enterprises have also applied for extension of the guarantee period at the same time. As at end February 2024, more than 100 000 loan applications were approved. Among them, more than 28 000 applications, involving a total amount of around $86.8 billion, had been repaid in full as scheduled, while cumulatively 49 063 and 2 301 applications adopted the principal moratorium and the partial principal repayment arrangements, involving $107.8 billion and $5.4 billion respectively. The relevant statistics are as follows:

	80% Guarantee Product (launched in 2012)	**90% Guarantee Product (launched in 2019)**	**Special 100% Guarantee Product (launched in 2020)**
Cumulative Number of Approved Applications for the Principal Moratorium Arrangement [Note 2]	1 599	1 550	45 914
Cumulative Number of Approved Applications for the Partial Principal Repayment Arrangements [Note 2]	100	77	2 124

Note 2: The cumulative figures were the figures as at end February 2024.

HKMCI does not separately collate the statistics in respect of the applications for the principal moratorium and the partial principal repayment arrangements by sectors and the number of enterprises involved.

In processing loan applications, the lending institutions will conduct customer due diligence to confirm that the borrowing enterprises could fulfil the eligibility requirements. HKMCI will also conduct appropriate checks in vetting the applications submitted by the lending institutions, and enhance the vetting of suspicious cases.

As at end February 2024, about 2 800 applications of the Special 100% Guarantee Product (involving around $8.2 billion of loans) involved illegal activities, including using false instruments, providing false information or declarations, etc. Among them, about 1 110 cases (involving around $3.8 billion of loans) were already rejected by HKMCI and/or the lending institutions during application assessment, while the other 1 700 cases (involving around $4.4 billion of loans) were identified after loan drawdown. HKMCI has taken appropriate actions, including reporting the cases that may involve illegal activities and providing assistance to the law enforcement agency, issuing clear guidelines to the participating lending institutions of the SFGS, taking legal actions through the lending institutions, etc.

In the event that a borrowing enterprise defaults on repayment, the lending institution will initiate recovery actions and request the enterprise and guarantor to repay the loan in accordance with its policy and prevailing commercial practice. Cases reported are being followed up by the law enforcement agency, and the Commerce and Economic Development Bureau and HKMCI do not have any details regarding the follow-up actions.

The Government can make use of the total loan guarantee commitment for various guarantee products under the SFGS. As at end February 2024, a total of $249.5 billion of the loan guarantee commitment has been used (i.e. $89.7 billion for the 80% Guarantee Product; $19.1 billion for the 90% Guarantee Product; $140.7 billion for the Special 100% Guarantee Product). The remaining guarantee commitment usable was $30.5 billion.

Having regard to the economic situation of Hong Kong and the needs of small and medium enterprises (SMEs), the Government keeps on enhancing the SFGS, including extending the application period for the Special 100% Guarantee Product several times, from initially 6 months to 47 months, until end March 2024. The Financial Secretary announced in the 2024-25 Budget the extension of the application period for the 80% and 90% Guarantee Products under the SFGS for two years to end March 2026. This will allow more eligible SMEs and professionals with financing needs to make applications.

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB042

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1925)

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:

According to paragraphs 155 and 156 of the Budget, the Government is conducting negotiations with Saudi Arabia on an Investment Promotion and Protection Agreement and considering establishing an Economic and Trade Office (ETO) in Riyadh, Saudi Arabia; two consultant offices will also be set up in Turkey and Egypt this year; and consideration is being given to establishing an ETO in Kuala Lumpur, Malaysia. In this connection, will the Government provide this Committee with the details as well as the staff establishment and operating expenditure involved for the respective plans?

Asked by: Hon LEE Chun-keung (LegCo internal reference no.: 9)

Reply:

With regards to investment promotion and protection agreements (IPPA), the HKSAR Government has signed IPPAs with Kuwait and the United Arab Emirates (UAE) within the Cooperation Council for the Arab States of the Gulf (GCC) member states [Note], and both agreements have come into force. The HKSAR Government has signed an IPPA with Bahrain which will come into force after the completion of relevant internal procedures. We have also, since mid-year 2023, began IPPA negotiations with Saudi Arabia, and both sides intend to conclude negotiations as soon as possible. As the relevant work is part of the regular duties of the Trade and Industry Department and is implemented by existing manpower, the expenditure has been subsumed under the overall estimated expenditure and cannot be quantified separately.

We are discussing the plan to set up an overseas Economic and Trade Office (ETO) in Riyadh and Kuala Lumpur with the Governments of Saudi Arabia and Malaysia through the Consuls-General of Saudi Arabia and Malaysia in Hong Kong respectively. Generally speaking, setting up new ETOs involves various considerations and detailed arrangements, including matters relating to privileges and immunities. We will continue to closely liaise with the Governments of Saudi Arabia and Malaysia to follow up on the proposal and announce further developments when appropriate.

We will take into due consideration the scope of duties, country coverage and operational needs of the new ETOs in working out the estimated expenditure for the new ETOs. Generally speaking, an ETO comprises 5 Hong Kong-based officers and 12 locally-engaged staff with total operational expenses estimated to be around $30 million per year. We expect the manpower and resources required by the new ETOs to be similar to those of the other ETOs.

In addition, Invest Hong Kong will set up consultant offices in Cairo, the capital of Egypt, and Izmir, the third largest city in Türkiye respectively within 2024-25 to bring in capital and enterprises from high-potential emerging countries in the Middle East and North Africa. The total estimated annual expenditure of the above 2 consultant offices is around $3 million.

Note: Member states of the GCC are Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE.

- End -

Reply Serial No.

CEDB043

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1136)

Head:	(152) Government Secretariat: Commerce and Economic Development Bureau
Subhead (No. & title):	(-) -
Programme:	(1) Director of Bureau's Office
Controlling Officer:	Permanent Secretary for Commerce and Economic Development (Miss Eliza LEE)
Director of Bureau:	Secretary for Commerce and Economic Development

Question:

Hong Kong's professional services are always world-class. In particular, our financial services, legal services and dispute resolution services are widely recognised. Please list the plans of the Hong Kong Special Administrative Region Government in 2024-25 to assist local professional organisations in promoting their services to the Association of Southeast Asian Nations (ASEAN) region and to support small and medium enterprises in the professional services industry in tapping into the ASEAN markets more easily. What are the details of the respective plans and the manpower and expenditure involved?

Asked by: Hon LEE Wai-king, Starry (LegCo internal reference no.: 22)

Reply:

Relevant bureaux have been actively promoting the development of various professional services sectors of Hong Kong. For the Commerce and Economic Development Bureau, we have been implementing the Professional Services Advancement Support Scheme (PASS) since 2016 to fund non-profit-making industry-led projects to increase exchanges and co-operation between Hong Kong's professional services sector and external counterparts (including the Association of Southeast Asian Nations (ASEAN) market), promote relevant publicity activities, and enhance the standards and external competitiveness of Hong Kong's professional services. As at end March 2024, 6 projects related to the ASEAN market have been approved, with a total grant of about $6.5 million.

In addition, with a view to stepping up the promotion of Hong Kong's competitive edges and professional services to the Mainland and overseas markets, the Government has set aside $50 million for the Professionals Participation Subsidy Programme (PSP) under the PASS to subsidise Hong Kong's major professional bodies to participate in relevant activities organised by the Government (such as the overseas Hong Kong Economic and Trade Offices, the Mainland Offices or the Department of Justice) and the Hong Kong Trade Development

Council after the pandemic situation has stabilised. As the pandemic has gradually stabilised since the second half of 2022, PSP has approved a total of 9 activities, 2 of which visited the ASEAN countries, benefiting over 40 professionals from the legal services and the building and construction-related services sectors. The Government will continue to encourage eligible organisations and Hong Kong professionals to leverage the financial support from PASS to carry out projects and participate in relevant activities. The overall estimated expenditure of PASS in 2024-25 is about $13 million.

Furthermore, the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) provides funding support for enterprises to develop business in 39 economies with which Hong Kong has signed Free Trade Agreements and/or Investment Promotion and Protection Agreements (including ASEAN). Further to the Government's launch of Easy BUD in June 2023 to expedite the vetting of applications involving designated measures with a funding amount of $100,000 or below, the Financial Secretary announced in the 2024-25 Budget the further injection of $500 million into the BUD Fund, thereby increasing its total commitment to $7 billion for sustaining its operation. As at end February 2024, over 1 120 applications involving ASEAN as the target market have been approved under the BUD Fund, with a total funding amount of around $690 million. The estimated expenditure of the BUD Fund in 2024-25 is $1.195 billion.

- End -

CEDB044

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1137)

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

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

Programme: (1) Director of Bureau's Office

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

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Association of Southeast Asian Nations (ASEAN) region, having a population of over 600 million who is relatively young on average, is a consumer market with very great potential. Apart from the existing support programmes launched by the Hong Kong Trade Development Council, what are the programmes offered by the Hong Kong Special Administrative Region Government in 2024-25 to provide properly designed arrangements according to the characteristics of different industries (such as the Chinese medicine industry and food industry) to help small and medium enterprises develop the markets in ASEAN region? What are the details of these programmes and the respective manpower and expenditure involved?

Asked by: Hon LEE Wai-king, Starry (LegCo internal reference no.: 23)

Reply:

The Government has been assisting enterprises in exploring more diversified markets through various funding schemes. Among others, the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) provides funding support for enterprises to develop business in 39 economies with which Hong Kong has signed free trade agreements and/ or investment promotion and protection agreements, including the Association of Southeast Asian Nations (ASEAN). Further to the Government's launch of "Easy BUD" in June 2023 to expedite the vetting of applications involving designated measures with a funding amount of $100,000 or below, the Financial Secretary announced in the 2024-25 Budget the further injection of $500 million into the BUD Fund, thereby increasing its total commitment to $7 billion for sustaining its operation. In addition, the SME Export Marketing Fund (EMF) provides funding support for small and medium enterprises to participate in export promotion activities for developing markets outside Hong Kong, including the ASEAN market. The Government has increased the cumulative funding ceiling per enterprise to $1 million in November 2022 to enable enterprises to conduct more promotion activities for developing more business opportunities in markets outside Hong Kong. As at end February 2024, over

1 120 applications involving ASEAN as the target market have been approved under the BUD Fund, with a total funding amount of around $690 million, while close to 3 600 applications related to exhibitions and business missions held in ASEAN have been approved under the EMF, involving a funding amount of close to $78 million.

The Government has also been liaising with the Hong Kong Export Credit Insurance Corporation (HKECIC) closely and formulating measures in response to the economic situation and market needs, so as to provide appropriate support to Hong Kong exporters. To continue to support Hong Kong exporters, including companies seeking to expand into the ASEAN markets, the Chief Executive announced in the 2023 Policy Address that the HKECIC's statutory maximum liability would be increased from $55 billion to $80 billion, with a view to enhancing the HKECIC's underwriting capabilities and entrenching market confidence. The Secretary for Commerce and Economic Development obtained the Legislative Council's approval on the relevant motion on 17 January 2024. This significant increase in the statutory maximum liability would allow the HKECIC to expand its insurance coverage in different markets. The HKECIC has also enhanced its free credit check services, increasing the number of free credit checks on ASEAN buyers from 6 to 12, such that exporters may confidently develop their business in ASEAN. The HKECIC will continue to monitor the needs of the market, in order to proactively support, in a timely manner, local exporters to explore overseas markets.

Furthermore, the Hong Kong Trade Development Council (HKTDC) has been leveraging its network of 50 offices worldwide to organise missions and outreach activities in the Mainland and other countries, so as to promote Hong Kong's strengths as a bilateral trade and investment hub and to connect businesses with opportunities in the ASEAN and Belt and Road markets. In 2024-25, the HKTDC will organise missions to ASEAN countries and lead Hong Kong exhibitors to participate in trade fairs in the ASEAN markets, in order to facilitate exchanges between companies from Hong Kong and other countries, foster the development of different industries, as well as to assist Hong Kong enterprises in exploring more business opportunities in the ASEAN markets. The HKTDC will also organise large-scale flagship events overseas, including the Think Business, Think Hong Kong campaign in Jakarta and a pop-up promotional campaign in Thailand, to help Hong Kong enterprises keep abreast of the latest market development and tap into the ASEAN markets.

The above work is part of the overall work of the Commerce and Economic Development Bureau and the Trade and Industry Department, the expenditure of which is subsumed under the overall estimated expenditure and cannot be quantified separately.

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB045

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1138)

Head:	(152) Government Secretariat: Commerce and Economic Development Bureau
Subhead (No. & title):	(-) -
Programme:	(1) Director of Bureau's Office
Controlling Officer:	Permanent Secretary for Commerce and Economic Development (Miss Eliza LEE)
Director of Bureau:	Secretary for Commerce and Economic Development

Question:

In the Association of Southeast Asian Nations (ASEAN) region, the Government of the Hong Kong Special Administrative Region (HKSAR Government) has currently set up Economic and Trade Offices (ETOs) in Bangkok, Singapore and Jakarta, which are responsible for the markets in the 10 ASEAN countries. It is stated in this year's Budget that the Government is considering establishing an ETO in Kuala Lumpur, Malaysia.

(1) What are the work plan, timetable and estimated expenditure involved for the establishment of the ETO in Kuala Lumpur, Malaysia?

(2) What plans does the HKSAR Government have to help ASEAN investors invest in Hong Kong in 2024-25? What are the details of the plans and the respective manpower and expenditure involved?

Asked by: Hon LEE Wai-king, Starry (LegCo internal reference no.: 24)

Reply:

We are discussing the plan to set up an overseas Economic and Trade Office (ETO) in Kuala Lumpur with the Government of Malaysia through the Consul-General of Malaysia in Hong Kong. Generally speaking, setting up new ETOs involves various considerations and detailed arrangements, including matters relating to privileges and immunities. We will continue to closely liaise with the Government of Malaysia to follow up on the proposal and announce further developments when appropriate.

We will take into due consideration the scope of duties, country coverage and operational needs of the new ETOs in working out the estimated expenditure for the new ETOs. Generally speaking, an ETO comprises 5 Hong Kong-based officers and 12 locally-engaged staff with total operational expenses estimated to be around $30 million per year. We expect the manpower and resources required by the new ETOs to be similar to those of the other ETOs.

Through its teams based in Hong Kong, the 17 Dedicated Teams for Attracting Businesses and Talents (Dedicated Teams) based in the Mainland Offices and the overseas Hong Kong ETOs, as well as 16 consultant offices in key locations not covered by the Dedicated Teams, Invest Hong Kong (InvestHK) has all along been reaching out to a wide spectrum of companies in different sectors and industries around the world to attract and assist them to set up and expand their businesses in Hong Kong, and offering one-stop customised support services, from the planning to implementation stages.

As for Association of Southeast Asian Nations (ASEAN), InvestHK currently has 3 Dedicated Teams in Singapore, Bangkok and Jakarta respectively. InvestHK's teams based in Hong Kong will continue to work closely with the three Dedicated Teams to take forward the investment promotion work to attract foreign investment from ASEAN. They will also collaborate with relevant organisations, chambers of commerce, and professional bodies, etc., to organise investment promotion activities in ASEAN, including meetings, conferences, roadshows, seminars, exhibitions, etc. so as to proactively provide potential ASEAN investors with the latest information on Hong Kong's business environment and attract ASEAN enterprises to set up or expand businesses in Hong Kong. Hong Kong's distinctive advantages of enjoying strong support of the Motherland and being closely connected to the world and other core strengths, as well as the immense opportunities brought about by national strategies including the National 14th Five-Year Plan, the Guangdong-Hong Kong-Macao Greater Bay Area development and Belt and Road Initiative will be highlighted in the promotional activities.

Each of the 3 Dedicated Teams consists of a Head, a Deputy Head and an Assistant Manager. To strengthen the promotion work of family office in ASEAN region, a Head of Family Office post has been particularly added for the Dedicated Team in Singapore ETO with the support of the Financial Services and the Treasury Bureau, to focus the promotion towards target ASEAN clients Hong Kong's competitiveness as a family office hub. The expenditure involved will be subsumed under the overall estimated expenditure of the Commerce and Economic Development Bureau and InvestHK, which include administrative overhead expenses, and hence cannot be quantified separately.

- End -

<u>Examination of Estimates of Expenditure 2024-25</u>

Reply Serial No.

CEDB046

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1139)

<u>Head</u>:	(152) Government Secretariat: Commerce and Economic Development Bureau
<u>Subhead (No. & title)</u>:	(-) -
<u>Programme</u>:	(1) Director of Bureau's Office
<u>Controlling Officer</u>:	Permanent Secretary for Commerce and Economic Development (Miss Eliza LEE)
<u>Director of Bureau</u>:	Secretary for Commerce and Economic Development

<u>Question</u>:

In 2024-25, are there plans to negotiate with the Mainland on enhancing economic interaction among 11 cities in the Greater Bay Area (GBA), supporting the marketing and development of products from other GBA cities in Hong Kong, and facilitating the export of Hong Kong brand products to the Mainland, especially the GBA, so as to further advance business expansion of Hong Kong's trading and retail industries into the Mainland? What are the details of the plans and estimated expenditure?

<u>Asked by</u>: Hon LEE Wai-king, Starry (LegCo internal reference no.: 25)

<u>Reply</u>:

The Government strives to support Hong Kong enterprises, encouraging them to enhance their competitiveness and explore more diversified markets, including capturing the opportunities brought about by the development in the Guangdong-Hong Kong-Macao Greater Bay Area (GBA). Having consulted the Constitutional and Mainland Affairs Bureau (CMAB), our consolidated reply is as follows.

Supporting Hong Kong People and Enterprises

CMAB established the Guangdong-Hong Kong-Macao Greater Bay Area Development Promotion Centre (Promotion Centre) in April 2023. Through further strengthening strategic co-operation with the Hong Kong Trade Development Council (HKTDC), Invest Hong Kong and relevant Mainland organisations and institutions, the Promotion Centre organises different types of activities including seminars and study missions, etc. for Hong Kong residents and enterprises pursuing development in the Mainland cities of the GBA, so as to promote the opportunities brought about by GBA development and to better understand their needs for providing them with practical assistance.

Exploring the Mainland Domestic Market

The Government actively assists Hong Kong enterprises in tapping into the Mainland domestic market through HKTDC, which provides multi-faceted support for Hong Kong enterprises to explore the GBA market as follows:

- provision of the latest policy updates and economic and trade information about GBA market to Hong Kong enterprises through the "GoGBA one-stop platform" and the "HKTDC GBA Centre" in Shenzhen launched in 2021 to help them build network and promote business opportunities. Among others, the network of "GoGBA Business Support Centres" was expanded to cover all 9 Mainland cities in the GBA in 2023-24, with such centres set up in Qianhai (Shenzhen), Nansha (Guangzhou), Zhuhai, Dongguan, Zhongshan, Foshan, Jiangmen, Zhaoqing and Huizhou;

- implementation of the 3 year-long Support Scheme for Pursuing Development in the Mainland starting from 2022-23 to, having regard to the situation and needs of Hong Kong enterprises on the Mainland, organise events including introduction and briefing of policies, online and offline seminars, business forums, etc., to deepen their understanding of the policies and market developments of the Mainland (including the GBA);

- organisation of and participation in various large-scale promotion events as well as the setting up of Hong Kong pavilions and organisation of Hong Kong enterprises to participate in Mainland exhibitions to promote Hong Kong products and professional services, such as the China Hi-Tech Fair held in Shenzhen; and

- organisation of seminars, in collaboration with major Mainland electronic commerce (e-commerce) platforms, on leveraging e-commerce to explore the GBA market, and organisation of different activities to assist Hong Kong brands in using social media to support their e-commerce businesses with a view to equipping small and medium enterprises (SMEs) to develop e-commerce businesses for tapping into the Mainland domestic sales market.

Apart from continuing the above services and scheme, in 2024-25, HKTDC will:

- set up a new "GBA Business Support Centre" at the Futian high-speed railway station in the second quarter of 2024;

- launch version 2.0 of GoGBA in the third quarter of 2024 to provide more comprehensive support for those Hong Kong enterprises which intend to enter into the GBA market, including a five-in-one support plan comprising seminars, small-group advisory sessions, one-on-one consultations, GBA business missions and industry information kits; and

- organise a GBA mission in the third quarter of 2024 to connect with Mainland innovation & technology enterprises and related service providers.

Meanwhile, HKTDC has been liaising closely with the business communities in the GBA and Mainland provinces and cities through its network of Mainland offices, encouraging them to participate in HKTDC's international exhibitions and conferences to promote their brands and products to Hong Kong and the global markets.

Financial Support

The Government has been assisting enterprises in exploring more diversified markets through various funding schemes. Among others, the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) provides funding support for enterprises to develop business in 39 economies with which Hong Kong has signed free trade agreements and/or investment promotion and protection agreements, including the Mainland. Further to the Government's launch of "Easy BUD" in June 2023 to expedite the vetting of applications involving designated measures with a funding amount of $100,000 or below, the Financial Secretary announced in the 2024-25 Budget the further injection of $500 million into the BUD Fund, thereby increasing its total commitment to $7 billion for sustaining its operation and introducing "E-commerce Easy". We expect that "E-commerce Easy" will be launched in July 2024, whereby SMEs can make use of the $1 million funding ceiling of a single project flexibly for implementing e-commerce projects on the Mainland within the cumulative funding ceiling of $7 million per enterprise. As at end February 2024, 5 570 applications involving the Mainland as the target market have been approved under the BUD Fund, involving a funding amount of around $3.4 billion, which accounts for around 75% of the total funding amount approved under the BUD Fund.

GBA Standards

The Governments of Guangdong, Hong Kong and Macao are actively promoting the development of GBA Standards for different products and services, with a view to helping the enhancement of product and service quality and promoting the interconnectivity and integrated development of the 3 places in the long run. So far, a total of 183 GBA Standards have been formulated and promulgated, covering the fields of food quality and safety, Cantonese cuisine, prepared dishes, transportation, mechanical and electrical products, as well as medical care, nursing care, education and e-sports, etc. The Government will continue to liaise and co-operate with the Guangdong and Macao authorities, and to promote the GBA Standards to the industrial and trade organisations, professional bodies and enterprises, and encourage them to participate in the formulation of GBA Standards and adopt them on a voluntary basis.

The estimated expenditure of the BUD Fund (including "E-commerce Easy") in 2024-25 is $1.195 billion, including the manpower and other fees provided to the Hong Kong Productivity Council as the Programme Secretariat for implementing the BUD Fund, as well as disbursements to grantees. The expenditure of other work mentioned above has been subsumed under the overall estimated expenditure of the Commerce and Economic Development Bureau and HKTDC, and cannot be quantified separately.

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB047

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1651)

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:

Under Programme (2) Commerce and Industry of Head 152 – Commerce and Economic Development Bureau, the revised provision for 2023-24 amounts to $3.724 billion, representing a 5.56-fold increase over the original estimate, and the estimate for 2024-2025 amounts to $5.834 billion, representing a 9.28-fold increase over the previous year. In this connection, please inform this Committee of:

the reasons for the substantial increase in the provision over the original estimate in the previous year, and the amount of increase in each item;

the reasons for the increase in the estimate for 2024-25 and the items with the substantial increase in the estimate.

Asked by: Hon LEE Wai-wang, Robert (LegCo internal reference no.: 21)

Reply:

The 2023-24 revised estimate under Programme (2) Commerce and Industry is $3.1567 billion (556.4%) higher than the original estimate, in which about $3.14 billion and about $40 million have been allocated under the SME Financing Guarantee Scheme (SFGS) – Guarantee Products and the Incentive Scheme for Recurrent Exhibitions respectively. This is mainly due to the expected increase in the cash flow requirements of the 2 schemes. The increase is partly offset by the reduction of about $20 million in personal emoluments and operating expenses. On the other hand, the 2024-25 estimate is $5.2668 billion (928.4%) higher than the 2023-24 original estimate, in which about $5 billion and about $250 million have been allocated under the SFGS – Guarantee Products and the Incentive Scheme for Recurrent Exhibitions respectively to cater for the expected increase in cash flow requirements of the two schemes. The remaining increase of about $20 million is related to personal emoluments and operating expenses.

The Government provides loan guarantees to enterprises through the SFGS, and launched the 80% and 90% Guarantee Products in 2012 and 2019 respectively to help small and medium enterprises (SMEs) obtain commercial loans. To assist enterprises hard hit by the epidemic in coping with cash flow problems, the Government launched in April 2020 the time-limited Special 100% Guarantee Product under the SFGS to provide low-interest concessionary loans to SMEs. HKMC Insurance Limited (HKMCI) is responsible for administering and managing the SFGS.

Since its launch in 2012, the SFGS has been well-received by enterprises. As at end February 2024, more than 100 000 applications have been approved, involving a total of over $274 billion of loans, benefitting over 61 000 enterprises and about 780 000 employees in total.

Having regard to the economic situation of Hong Kong and the needs of SMEs, the Government keeps on enhancing the SFGS, including extending the application period for the Special 100% Guarantee Product several times, from initially 6 months to 47 months, until end March 2024. The Financial Secretary announced in the 2024-25 Budget the extension of the application period for the 80% and 90% Guarantee Products under the SFGS for 2 years to end March 2026.

As at end February 2024, the cumulative default rates of the 80%, 90% and Special 100% Guarantee Products under the SFGS were about 4.2%, 2% and 6.8% respectively, lower than the assumed overall default rates (12%, 16% and 25% respectively). To handle all the existing and new applications as well as the expected default situation of the SFGS, the Government needs to increase the estimated cash flow requirement in 2023-24 and 2024-25 accordingly, so as to cater for the relevant expenses of the various guarantee products. These include payments of originating fee in respect of the Special 100% Guarantee Product to the participating lending institutions, payments to HKMCI to cover the administrative costs and the necessary out-of-pocket expenses to be incurred as well as the default claim payments. Nevertheless, the actual expenses and the default rates of the SFGS are subject to change having regard to the number of applications, the overall economic environment and the operational situation of individual borrowing enterprises.

The Government and HKMCI will continue to monitor the situation closely.

In addition, as the post-epidemic recovery progress of the convention and exhibition industry is better than expected, the number of applications and incentive amount under the $1.4-billion Incentive Scheme for Recurrent Exhibitions are higher than expected, hence increasing its cash flow requirement.

- End -

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1655)

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:

In paragraph 50 of the Budget Speech, it is mentioned that the Government will extend the application period for the 80% and 90% Guarantee Products under the SME Financing Guarantee Scheme (SFGS) for 2 years to the end of March 2026. In this connection, please advise this Committee of the following:

Since the launch of the SFGS, how many companies have applied for the loans? What is the total loan amount approved? What is the actual interest rate?

At present, how many applicant enterprises are unable to repay the loans they have borrowed under the Special 100% Loan Guarantee for Enterprises? What is the default rate involved?

The "SME ReachOut" established in 2020 was allocated $100 million in the Budget of the previous year. What was the utilisation of the provision? How many requests for assistance were received from small and medium enterprises last year? Please list the trades involved.

Asked by: Hon LEE Wai-wang, Robert (LegCo internal reference no.: 25)

Reply:

The figures of the applications of the various guarantee products of the SME Financing Guarantee Scheme (SFGS) as at end February 2024 are as follows:

	80% Guarantee Product (launched in 2012)	**90% Guarantee Product (launched in 2019)**	**Special 100% Guarantee Product (launched in 2020)**
Number of Applications Received	28 838	12 271	71 830

	80% Guarantee Product (launched in 2012)	90% Guarantee Product (launched in 2019)	Special 100% Guarantee Product (launched in 2020)
Number of Applications Approved	25 714	11 357	66 151
Total Loan Amount of Approved Applications ($)	112.09 billion	21.26 billion	140.72 billion
Number of Benefitted Enterprises	13 400	8 548	39 448

As at end February 2024, the distribution of loan amounts for cases approved but not yet matured under the 80% and 90% Guarantee Products by the effective loan interest rate is as follows:

Effective Loan Interest Rate	Loan Amount ($)
Not higher than 3%	0.65 billion
Higher than 3% but not higher than 5%	13.76 billion
Higher than 5% but not higher than 8%	39.20 billion
Higher than 8% but not higher than 10%	5.94 billion
Higher than 10%	0.16 billion

The annual loan interest rate for the Special 100% Guarantee Product is the Hong Kong Prime Rate, as specified by The Hong Kong Mortgage Corporation Limited from time to time, minus 2.5% (or equivalent), i.e. the effective interest rate is currently 3.625% per annum.

As at end February 2024, there were 4 533 default cases under the Special 100% Guarantee Product and the cumulative default rate was 6.8%, lower than the assumed overall default rate (25%).

The Government established "SME ReachOut" in January 2020 to help small and medium enterprises (SMEs) identify suitable government funding schemes and answer questions relating to applications. The Financial Secretary announced in the 2023-24 Budget to allocate $100 million to the Hong Kong Productivity Council (HKPC) to gradually enhance the services of "SME ReachOut" in the ensuing 5 years starting from 2023.

HKPC has enhanced the services of "SME ReachOut" since October 2023, including arranging visits to more chambers of commerce, commercial and industrial buildings and co-working spaces, and increasing the publicity in social media so as to step up the promotion of government funding schemes. At the same time, more one-on-one consultation sessions have been provided to assist SMEs in applying for government funding and building their capacities, focusing on areas such as "environmental, social and governance", technology transformation, digitalisation and cyber security, with a view to enhancing their competitiveness through leveraging new technologies.

In 2023, "SME ReachOut" handled over 5 400 enquiries via telephone, emails, face-to-face or online meetings, and organised or participated in 3 exhibitions and 9 physical seminars or webinars, as well as conducted over 50 promotion activities, providing assistance to over 3 500 SMEs in total. According to the estimation of HKPC (based on the information from the 1 850 enterprises willing to provide information), the distribution of the major beneficiary sectors is as follows:

Major beneficiary sectors (percentage of total)	1. Import and export trade (13%)
	2. Information and communication technology (12%)
	3. Professional services (e.g. architecture, legal, human resources, marketing, public relations, etc.) (9%)
	4. Healthcare (7%)
	5. Education and training (6%)

The expenditure borne by the Government for the enhanced services of "SME ReachOut" from October 2023 to March 2024 was about $9.91 million. The estimated expenditure to be borne by the Government in 2024-25 is about $19.1 million.

- End -

CEDB049

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1657)

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:

Under Head 152 – Commerce and Economic Development Bureau, it is mentioned under Matters Requiring Special Attention in 2024-25 that the Bureau will continue to plan for new convention and exhibition (C&E) facilities to maintain and consolidate the international status of Hong Kong's C&E industry. In this connection, please inform this Committee of the following:

What is the latest progress in the Government's plan to develop new C&E facilities? What are the sites identified and relevant estimated expenditures?

How many major C&E events have been held at the Hong Kong Convention and Exhibition Centre in Wan Chai and AsiaWorld-Expo since the resumption of normal travel? How many of these events were relevant to the financial sector?

What are the rates of increase in the number of participants and exhibitors of the C&E events as compared with pre-pandemic levels?

Asked by: Hon LEE Wai-wang, Robert (LegCo internal reference no.: 27)

Reply:

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

In Wan Chai North, we will redevelop the sites of the Wan Chai Government Offices Compound (WCGOC), Gloucester Road Garden and the Kong Wan Fire Station into C&E facilities, hotel and Grade A offices. After the redevelopment, there will be an additional 30 000 square metres of rentable C&E spaces. We anticipate that the construction works of all replacement building projects under the WCGOC relocation exercise will be completed by 2026, while the reprovisioning of the Kong Wan Fire Station will be completed by 2027. We will take forward the Wan Chai North Redevelopment project after the sites have been vacated. We estimate that the Wan Chai North Redevelopment project will be completed in 2034 at the earliest.

Meanwhile, the Hong Kong Airport Authority (HKAA) has conducted a consultancy study on the AsiaWorld-Expo (AWE) phase 2 expansion, and will invest in the expansion project. According to the preliminary design, the phase 2 expansion of AWE will provide an additional 33 600 square metres of rentable C&E spaces and a multi-purpose indoor arena with a seating capacity of over 20 000 people, providing a venue for large-scale international C&E, entertainment and sports events. The Government is reviewing the follow-up arrangement of the North Lantau Hospital Hong Kong Infection Control Centre and will vacate the site at an appropriate time for HKAA to commence the expansion works.

As an international business and C&E hub, Hong Kong hosts many large-scale international conferences and exhibitions every year, including the Asian Financial Forum (AFF) co-organised by the Government and the Hong Kong Trade Development Council. The 17th AFF was held on 24th to 25th January in 2024 and attracted over 3 600 elites of the financial, government and commercial sectors from more than 50 countries and regions.

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB050

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2432)

Head:	(152) Government Secretariat: Commerce and Economic Development Bureau
Subhead (No. & title):	(-) -
Programme:	(3) Telecommunications
Controlling Officer:	Permanent Secretary for Commerce and Economic Development (Miss Eliza LEE)
Director of Bureau:	Secretary for Commerce and Economic Development

Question:

Regarding the Real-name Registration Programme for Subscriber Identification Module (SIM) Cards, please advise this Committee of the following:

1. the latest number of pre-paid SIM (PPS) cards with real-name registration completed;

2. as each individual user may currently register up to 10 PPS cards and each corporate user up to 25 PPS cards, the average numbers and respective proportion of PPS cards registered by individual users and corporate users;

3. the respective numbers of sample checks on the registered information arranged by the Office of the Communications Authority and telecommunications service providers in the past 3 years up to the present, and the underlying criteria of the sample checks;

4. the number of PPS cards deregistered upon sample checks in the past 3 years up to the present;

5. whether prosecution has been instituted against those who provided false information in completing registration, bought PPS cards that have completed real-name registration from unknown sources or registered PPS cards in their own names for another party for gain in the past 3 years up to the present, as well as the number of cases of successful conviction and the penalties imposed; and

6. as there are views that the number of fraudulent calls and messages has not decreased significantly since the implementation of the Real-name Registration Programme for SIM Cards, whether the Government has considered imposing regulation in this regard, such as by setting up a complaint platform for temporary or permanent suspension of suspicious phone numbers that were complained by many members of the public within a short period of time; if yes, of the details; if no, of the reasons.

Asked by: Hon LEUNG Hei, Edward (LegCo internal reference no.: 74)

Reply:

On Parts 1 to 5 of the question

The Government has fully implemented the Real-name Registration Programme for SIM Cards (RNR Programme) on 24 February 2023, requiring that all SIM cards issued and used locally (including SIM service plans (SSP) and pre-paid SIM (PPS) cards) must complete real-name registration before service activation. The Telecommunications (Registration of SIM Cards) Regulation has stipulated various requirements of the RNR Programme. The Communications Authority has also issued guidelines to provide specific operational details and requirements of the RNR Programme for telecommunications service providers. The RNR Programme aims to help plug the loophole arising from the anonymous nature of PPS cards used in conducting illegal activities in the past, and is one of the ways to assist law enforcement agencies in the detection of crimes involving the use of PPS cards (including phone deception), which in turn safeguards the integrity of telecommunications services and safety of the communications networks, thereby maintaining social order and preventing crimes.

As at end February this year, real-name registration and service activation of around 14 million SIM cards (including SSP and PPS cards) have been completed. The Government does not collect information on SIM cards registered by individual users and corporate users. According to the statistics provided by the telecommunications service providers, over 90% of the PPS cards for which registration has been completed were for individual users, while the remaining less than 10% were for corporate users.

To prevent criminals from using false information for real-name registration, the Office of the Communications Authority (OFCA) has requested telecommunications service providers to conduct regular sample checks on the registration information of registered PPS card users and manual checks on the suspected cases, including cases involving a single user with a considerable number of PPS cards registered with the same telecommunications service provider. If the sampled users are unable to verify the registration information with reference to the instructions of the respective telecommunications service providers, the relevant PPS cards may be deregistered and cannot be used afterwards. As of end January this year, telecommunications service providers have cancelled registration records of around 1.18 million non-compliant PPS cards in accordance with the registration requirements of the RNR Programme. Around 1.33 million PPS cards were rejected since the clients failed to provide information in compliance with the registration requirements. OFCA will continue to maintain close contact with the telecommunications service providers. If suspicious cases are identified, the telecommunications service providers will promptly refer them to the law enforcement agencies for follow-up actions. Last year, based on a suspected case reported by a telecommunications service provider, the Police successfully arrested individuals who were suspected of using fake identity card information to register a large number of PPS cards, involving around 60 000 PPS cards. OFCA does not maintain the relevant prosecution and conviction figures.

To ensure the proper implementation of the RNR Programme, OFCA will also conduct ad hoc market surveillance from time to time (including the operations in May and November last year and February this year) to ensure the effective implementation of the RNR Programme. It has also been proactively stepping up its publicity activities, such as mobilising a promotion truck in December last year to tour around various districts to distribute leaflets, souvenirs and holding interactive games, issuing press releases now and then to bring up consumer alerts, launching announcements in the public interest on free television channels, organising talks, roving exhibitions and roving dramas for schools, and visiting various districts and working with Legislative Council Members as well as District Councilors since the end of last year to appeal to members of the public to beware of phone scams, as well as to enhance public understanding of the requirements of the RNR Programme. Also, members of the public are reminded that they need to complete the real-name registration with their own identity documents and should not purchase or sell PPS cards from unknown sources in the market which have allegedly completed registration, in order to protect their own interests and avoid any loss or criminal liability in association with those cards.

<u>On Part 6 of the question</u>

Apart from implementing the RNR Programme, in respect of the assistance provided in combating fraudulent calls and messages, OFCA, the Police and the major telecommunications service providers have established a working group since September 2022 to implement a range of measures from telecommunications perspectives to combat telephone and SMS frauds by interception at source, including –

- To tackle fraudulent calls originating from places outside Hong Kong prefixed with "+852", telecommunications service providers are required to block suspicious calls prefixed with "+852" in accordance with the Code of Practice issued by OFCA, and to send voice or text alerts to users, reminding the call receivers to stay vigilant;

- Telecommunications service providers, based on the fraud records and information provided by the Police, proactively block or suspend services of the telephone numbers suspected to be involved in fraud cases, and block users from accessing suspicious fraud websites;

- OFCA has formulated the Code of Practice, requiring telecommunications service providers to monitor calls originated from their networks since last year. Once call patterns of suspected phone deception are identified (e.g. making a large number of fraudulent calls within a short period of time), the services of the relevant phone numbers will be suspended immediately; and

- The SMS Sender Registration Scheme (the Scheme) was implemented in December 2023, and was fully opened up for participation by all sectors in February this year. Under the Scheme, all participating companies or organisations will use Registered SMS Sender IDs with the prefix "#" when they send SMS messages to local subscribers of mobile services, so as to further help members of the public verify the identities of SMS senders and raise their anti-deception awareness, guarding against telephone and SMS frauds. As of end February this year, major telecommunications service providers, major banks, and 11 individual government departments or statutory bodies with needs to communicate with the public via SMS messages have participated in the Scheme.

According to the Police's information, since the introduction of the above-mentioned measures, the average number of telephone fraud cases in the fourth quarter of 2023 has dropped by 38.1% when compared to the same period in 2022, reflecting the positive effect of these measures in combating telephone frauds.

In addition, in connection with the proposal to set up a complaint platform, the Police has launched the upgraded Scameter+ in February this year. Automated functions have been included in the app to help the public identify scam calls and websites. Alerts will be issued immediately when users browse suspicious websites and receive suspicious calls, reminding members of the public to be more vigilant. A public reporting mechanism has also been introduced in the app, so that members of the public who come across suspicious calls or websites can report such through the app.

OFCA will continue to step up collaboration with the Police and telecommunications service providers to conduct public education and publicity with a view to disseminating anti-deception messages to all members of the public in a comprehensive manner.

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB051

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0241)

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:

Will the Government inform this Committee of the respective staff establishment, expenditure on salary by rank and total expenditure of the Belt and Road Office (BRO) in the past 3 years and the coming year?

What were the numbers of external visits made to the Belt and Road countries and trade organisations by the BRO and the numbers of people it met with each year in 2021, 2022 and 2023 respectively? What efforts have been made/are being made/will be made by the BRO to enable those countries to have an understanding of the situation in Hong Kong?

Asked by: Hon LEUNG Mei-fun, Priscilla (LegCo internal reference no.: 28)

Reply:

The staff establishment of the Belt and Road Office (BRO) for 2021-22, 2022-23 and 2023-24, the estimated staff establishment for 2024-25, and salaries by rank are tabulated as follows:

Rank	2023-24 monthly salary	Staff establishment			
		2021-22*	2022-23*	2023-24*	2024-25 (Estimate)
Administrative Officer Staff Grade A (D6)	$279,600 to $287,900	1	1	1	1
Administrative Officer Staff Grade B (D3)	$219,850 to $240,000	1	1	1	1
Administrative Officer Staff Grade C (D2)	$189,150 to $206,700	1	1	0	0
Senior Administrative Officer	$123,980 to $142,840	2	2	2	2

Rank	2023-24 monthly salary	Staff establishment			
		2021-22*	2022-23*	2023-24*	2024-25 (Estimate)
Trade Officer	$79,930 to $116,165	3	3	3	3
Senior Executive Officer	$79,930 to $116,165	1	1	1	1
Senior Information Officer	$79,930 to $94,735	1	1	1	1
Executive Officer I	$62,895 to $79,135	1	1	1	1
Assistant Trade Officer II	$32,430 to $60,065	2	2	2	2
Clerical and Secretarial Grades/Motor Driver	$18,965 to $60,065	8	8	7	7
Total staff establishment		**21**	**21**	**19**	**19**

* as at 31 March of the year

The total expenditure (including anticipated and estimated expenditure) of the BRO in 2021-22, 2022-23, 2023-24 and 2024-25 are tabulated as follows:

Financial year	BRO's total expenditure ($'000)#
2021-22	23,497
2022-23	29,413
2023-24	44,717 (Anticipate)@
2024-25	39,171 (Estimate)

\# Total expenditure includes personal emoluments, personnel related expenses, departmental expenses and other charges.

@ In 2023-24, as the epidemic situation stabilised, the BRO resumed its work gradually with the return of physical events to actively promote the Belt and Road (B&R) Initiative, including the 2nd Joint Conference Policy Exchange and Capacity Building Programme; the 6th Joint Conference on Advancing Hong Kong's Full Participation in and Contribution to the B&R Initiative; and the 2nd Mainland Enterprises Partnership Exchange and Interface Session, etc. Also, as the B&R Initiative marked its 10th anniversary in 2023, the Chief Executive (CE) led a nearly 70-strong Hong Kong Special Administrative Region (HKSAR) delegation comprising senior government officials and representatives from various sectors to Beijing to fully and actively participate in the 3rd Belt and Road Forum for International Cooperation held by our country on 17-18 October 2023; while the BRO also took the opportunity to step up its diversified promotion efforts in 2023-24, and introduced the Middle East Forum, the Finance Chapter and the Youth Chapter, among other thematic sessions, in the 8th Belt and Road Summit (the Summit) held on 13-14 September 2023.

In 2021 and 2022, owing to the epidemic, the BRO was unable to organise delegations to visit B&R countries. Nevertheless, the BRO adopted an online format to actively promote Hong Kong's participation in the B&R Initiative and explore opportunities in the B&R markets, including organising the 6th Summit in virtual mode; organising the 7th Summit in hybrid mode; as well as conducting a total of 7 webinars to explore opportunities in the Association of Southeast Asian Nations (ASEAN) and the Middle East regions, etc.

In 2023, the BRO organised a total of 3 delegations to B&R countries and the Mainland, details as follows:

Date	Places Visited	Event Details and Results
4-11 February 2023	Saudi Arabia and United Arab Emirates (UAE)	The CE led a high-level delegation with more than 30 representatives from various sectors to visit Saudi Arabia and the UAE to meet with local political and business leaders, visit local enterprises, and attend forums and exchange activities to promote Hong Kong's unique advantages. Members of the delegation include the Secretary for Commerce and Economic Development (SCED) and the Acting Commissioner for Belt and Road (CBR). Hong Kong and enterprises and institutions of Saudi Arabia and the UAE signed a total of 13 high quality Memoranda of Understanding or Letters of Intent, building a solid foundation for the long-term development of Hong Kong businesses in the Middle East region, while simultaneously attracting local businesses and capital to invest in Hong Kong. The related enterprises and organisations continued to closely liaise with the local counterparts and entered into 16 additional projects for co-operation after the delegation had returned to Hong Kong.
16-19 October 2023	Beijing	The CE led a close to 70-strong HKSAR delegation comprising senior government officials and representatives from various sectors to fully and actively participate in the 3rd Belt and Road Forum (the Forum) for International Cooperation. Members of the delegation include SCED and CBR. The delegation attended sessions of all the 10 events of the Forum, with the CE and 15 members being invited to speak at the events or to host panel discussions. The Forum featured a dedicated Hong Kong Chapter in the thematic forum on sub-national co-operation to share with guests from various places Hong Kong's achievement and contribution in such areas as international economic, trade and social development, as well as the unique role of Hong Kong as the functional platform for the B&R Initiative.
4-5 December 2023	Shenzhen and Guangzhou	SCED led a business delegation of a total of 20 representatives from 15 enterprises of B&R countries operating in Hong Kong to visit the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) to meet with Mainland enterprises as well as to exchange with local government agencies or relevant organisations. Members of the delegation include CBR. This mission integrated the two important national development strategies of the B&R Initiative and the GBA development, with the

Date	Places Visited	Event Details and Results
		aim of promoting Hong Kong as the service base for entry into the Mainland market, thereby fully demonstrating Hong Kong's distinctive role in connecting the Mainland and the rest of the world. 4 enterprises respectively signed a Memorandum of Understanding with the Belt and Road Environmental Technology Exchange and Transfer Center (Shenzhen), laying a good foundation for further co-operation in promoting green development.

In the coming year, the BRO will organise a number of outbound missions, including a joint mission with the Ministry of Commerce, to explore new B&R market opportunities together with Mainland enterprises, as well as to assist Hong Kong enterprises and professionals to tap more overseas business opportunities.

Furthermore, the BRO plans to join hands with the Office for Attracting Strategic Enterprises, Invest Hong Kong and the Hong Kong Talent Engage, etc., to organise small-scale missions to the ASEAN countries, among other places, with specific sectors of professional services invited as fit, to further cultivate these B&R markets. The BRO also plans to continue to organise visits for enterprises of B&R countries in Hong Kong to visit the Mainland using Hong Kong as the service base.

- End -

CEDB052

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2978)

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:

As mentioned in paragraph 160 of the 2024-25 Budget Speech, the Government will introduce into the Legislative Council in the first half of 2024 a proposal to amend the Inland Revenue Ordinance with a view to implementing the "patent box" tax incentive, which will reduce substantially the tax rate for profits derived from qualifying intellectual property to 5%. In this connection, will the Government inform this Committee of the following:

1. The tax rate for qualifying profits derived from patents will be reduced from the current 16.5% to 5% in the future with a view to encouraging more research and development activities, as well as transformation and commercialisation of patented inventions. What are (a) the amount of funding involved in the policy and (b) the statutory corporate income tax rate?

2. Will the policy be co-ordinated by the World Intellectual Property Organisation Technology and Innovation Support Centre, which will be completed in the near future?

Asked by: Hon LEUNG Tsz-wing, Dennis (LegCo internal reference no.: 22)

Reply:

In order to encourage the innovation and technology (I&T) sector to forge ahead with more research and development (R&D) activities and create more intellectual properties (IPs) with market potential as a catalyst for promoting I&T and IP trading activities with a view to maintaining Hong Kong's competitiveness as a regional IP trading centre, it was announced in the 2023-24 Budget that the Government would introduce a "patent box" tax incentive to provide tax concessions for qualifying profits sourced in Hong Kong and derived from eligible IP created through R&D activities.

The 2023 Policy Address and 2024-25 Budget have announced that the concessionary tax rate for the "patent box" tax incentive would be reduced substantially from 16.5% (i.e. the existing normal profits tax rate of Hong Kong) to 5%. This incentive aims to encourage enterprises to devote more resources to R&D and conduct commercialisation transactions making use of patents and other IP protections. The Government already introduced into the Legislative Council in April this year the proposal to amend the Inland Revenue Ordinance with a view to implementing the "patent box" tax incentive.

The patent box regime will be implemented by the Inland Revenue Department (IRD), with the support of the Intellectual Property Department and the Agriculture, Fisheries and Conservation Department. The IRD will absorb the additional workload arising from the proposal with its existing resources. Should the regime result in further increase in the IRD's workload which could not be coped with by existing resources, the IRD will review the manpower position and seek additional resources in accordance with the established mechanism.

Under the World Intellectual Property Organization (WIPO) Technology and Innovation Support Centre (TISC) dedicated programme, WIPO will support participating member states to establish TISCs which serve to provide consultation services to researchers and innovators with a wide range of information including patent utilisation, search analysis, technology transfer, IP management and commercialisation, etc. The TISC can support researchers and innovators at different stages of the innovation cycle, helping them make use of the IP system (especially by means of patents) to protect their inventions and guiding them to bring the technology to market. More than 100 TISCs have been established in the Mainland under this dedicated programme. We will respond positively by making a recommendation to the China National Intellectual Property Administration for establishing a TISC in Hong Kong, thus enabling Hong Kong to better integrate into overall national development. The TISC will not be responsible for implementing the "patent box" tax incentive.

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB053

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2979)

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:

As mentioned in paragraph 161 of the 2024-25 Budget Speech, the Government is planning for the establishment of a World Intellectual Property Organisation Technology and Innovation Support Centre (TISC) in Hong Kong. The TISC will focus on providing specialised services such as patent search and analysis for the protection of scientific research results and enhanced support to the Innovation and Technology (I&T) sector, while promoting intellectual property trading at the same time. The TISC also helps nurture local I&T talent well versed in patent knowledge. In this regard, the Government has set aside $45 million to support the Hong Kong Productivity Council in establishing and operating the TISC. It is anticipated that the TISC will commence operation by 2025 the earliest. In this connection, please inform this Committee of the following:

1. Does the expenditure provision of $45 million earmarked by the Government for the TISC cover expenditures on site selection and building construction works? If yes, where is the selected site? If no, which existing location will the TISC occupy for operation?

2. What is the staff establishment of the TISC?

3. What are the operational divisions of the TISC? Apart from patent search, analysis and talent nurturing, what other work areas and functions are there?

Asked by: Hon LEUNG Tsz-wing, Dennis (LegCo internal reference no.: 23)

Reply:

Under the World Intellectual Property Organization (WIPO) Technology and Innovation Support Centre (TISC) dedicated programme, WIPO will support participating member states to establish TISCs which serve to provide consultation services to researchers and innovators with a wide range of information including patent utilisation, search analysis, technology transfer, intellectual property (IP) management and commercialisation, etc.. The TISC can support researchers and innovators at different stages of the innovation cycle, helping them make use of the IP system (especially by means of patents) to protect their inventions and guiding them to bring the technology to market.

More than 100 TISCs have been established in the Mainland under this dedicated programme. We will respond positively by making a recommendation to the China National Intellectual Property Administration (CNIPA) for establishing a TISC in Hong Kong, thus enabling Hong Kong to better integrate into overall national development.

The establishment of TISC requires the approval of WIPO and CNIPA. During this year, the Intellectual Property Department (IPD) will liaise closely with CNIPA and the Hong Kong Productivity Council (HKPC) so as to let the HKPC commence the preparatory work in accordance with the prevailing implementation procedures on establishing TISC promulgated by CNIPA. Upon the evaluation and granting of the WIPO TISC status by WIPO and CNIPA, it is anticipated that Hong Kong's TISC will commence operation by 2025 the earliest.

The IPD has conducted preliminary discussions with the HKPC on the resources required for the establishment and operation of the TISC in the first 3 years. The Government's commitment to the project for the 5 financial years from 2024-25 to 2028-29 is approximately $45 million according to current estimates. The funding is reserved for the various expenses for the establishment and operation of the TISC, including salaries, rent, office equipment, infrastructure building (including development of information technology systems and websites, connection to databases, etc.), consultancy fees and other administrative expenses. The IPD will further discuss with the HKPC in order to prepare the recommendation documents, as well as to formulate and finalise the overall work plan and detailed implementation arrangements, including the manpower involved, detailed service content, resources borne by the HKPC, timetable for the establishment and key performance indicators, etc. The establishment of the TISC only involves renting an appropriate office and the location is to be decided.

Upon its establishment and operation, the TISC is expected to provide local small and medium-sized enterprises, start-ups and entrepreneurs with high-quality IP (especially patents) information and services, and assist them in exploring their innovation potential on the one hand, and creating, protecting, managing and commercialising their IP on the other hand. It will not only protect research and development (R&D) outcomes, but also promote IP trading, thus consolidating Hong Kong's position as a regional IP trading centre. Local innovation and technology (I&T) talents can also make use of the services provided by the TISC and apply the professional knowledge they acquired to various innovation processes such as R&D, patent application, and transformation of outcomes. Separately, the services of the TISC require staff to possess specialised technical credentials and background, as well as IP knowledge (especially on patents). While the HKPC is responsible for the deployment and recruitment of the necessary manpower, the IPD also plans to deploy its patent examiners to the TISC to work with TISC staff to promote patent knowledge and assist in providing relevant information on patent application strategies, operation of the industry, I&T trends, etc., so that the patent examiners can better understand the market trends and needs. This will be greatly beneficial to the exchange of professional knowledge on patent examination and industry support.

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB054

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2945)

Head:	(152) Government Secretariat: Commerce and Economic Development Bureau
Subhead (No. & title):	(-) -
Programme:	(3) Telecommunications
Controlling Officer:	Permanent Secretary for Commerce and Economic Development (Miss Eliza LEE)
Director of Bureau:	Secretary for Commerce and Economic Development

Question:

The Government has launched the Subsidy Scheme to Extend Fibre-based Networks to Villages in Remote Areas (the Subsidy Scheme) since 2018 and planned to complete all the extension works by 2026. In this connection, will the Government inform this Committee of the following:

(1) the effectiveness of network coverage and the number of villagers benefitted in villages where the extension works have been completed at the present stage; and whether the Government has plans to launch similar schemes in addition to fibre-based networks in the future to enhance the coverage of radio spectrum (e.g. 5G) in remote areas;

(2) the enhanced coverage of high-speed fixed broadband network in percentage terms upon completion of the extension works; and

(3) as it is mentioned in the Programme that the additional provision of $34.3 million is made for the cash flow requirement of the Subsidy Scheme, what are the total number of injections made into the Subsidy Scheme since 2018 and the amount of expenditure involved?

Asked by: Hon LEUNG Yuk-wai, Kenneth (LegCo internal reference no.: 23)

Reply:

Since the commercial launch of the fifth generation (5G) mobile services in April 2020, 5G coverage has now reached over 90% of the Hong Kong population, covering major locations in urban areas and all MTR lines of 98 stations and achieving coverage of 99% in core business districts. There are over 6 million 5G users, representing almost 90% of the population.

In the past, the progress of work on extending telecommunications network coverage to villages in remote areas in the New Territories and outlying islands by fixed network operators (FNOs) was slow due to higher costs of network rollout and a smaller number of subscribers. To provide financial incentives, the Government has launched the "Subsidy Scheme to Extend Fibre-based Networks to Villages in Remote Areas" (the Subsidy Scheme) since 2018, and approved all 6 tender projects in 2019 and 2020 to facilitate FNOs to extend fibre-based networks to 235 villages in remote areas.

The subsidised fibre-based networks are being extended to these 235 villages in phases from 2021 to 2026, benefitting 110 000 villagers and providing the villages concerned with high-speed broadband services. It also provides the backbone infrastructure necessary for further deploying other types of telecommunications services (such as 5G mobile and Wi-Fi services) to benefit villagers and visitors to the countryside. At present, the Subsidy Scheme has already extended fibre-based networks in more than 150 villages, providing broadband services with a speed ranging from 200Mbps to 2Gbps. The Office of the Communications Authority (OFCA) will continue to actively follow up with the extension works in the remaining villages, targeting to cover all villages with fibre-based networks by 2026.

In 2018, a one-off provision of $774.4 million was approved by the Finance Committee of the Legislative Council for the above Subsidy Scheme. The Commerce and Economic Development Bureau has also earmarked a total of $69.8 million to cover the administrative expenses incurred by OFCA for the implementation of the Subsidy Scheme, including the creation of 10 time-limited civil service posts and non-civil service contract posts. The provision of $34.3 million stated in the Programme is intended to meet the cash flow requirement of the Subsidy Scheme in the current year and does not involve any injection of new funding.

Moreover, the 2023 Policy Address announced that the Government will expedite the expansion of mobile network infrastructure in rural and remote areas through subsidies, with a view to improving network coverage in these areas. We are now working on the preliminary preparatory work for the implementation of the scheme, including drawing up the eligibility criteria for participating mobile network operators, proposed areas and scope of coverage, number of mobile network facilities to be constructed, implementation timetable, funding mechanism and amount, etc. We will consult the industry this year to finalise the specific arrangements of the scheme. We believe that the 5G coverage in rural and remote areas will be further enhanced and expanded when the scheme is implemented and launched.

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB055

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2946)

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

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

Programme: (7) Subvention: Consumer Council

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

Director of Bureau: Secretary for Commerce and Economic Development

Question:

As the Government strives to attract visitors from the Mainland, the number of Mainland tourists has seen a recent rebound. Yet, the number of complaints from visitors against unfair trade practices has also been on the rise. It is mentioned under this Programme that the Consumer Council (the Council) publishes social media posts, via its WeChat account launched in July 2022, on consumer protection advice for Mainland visitors who are going to spend in Hong Kong. In this connection, will the Government advise on the following:

(1) On monitoring trade practices, has the Council conducted any spot checks on shops in districts popular with visitors? If yes, what is the number of such spot checks? If no, is there any future plan to conduct inspections on shops to monitor trade practices?

(2) (i) What is the number of complaints against unfair trade practices received by the Council over the past 2 years; (ii) what is the number of the said complaints that were lodged by non-local residents; and (iii) what is the range of money involved?

Asked by: Hon LEUNG Yuk-wai, Kenneth (LegCo internal reference no.: 28)

Reply:

The Consumer Council (the Council) endeavours to study and promote the protection of consumers' rights and interests, and carries out its statutory functions in accordance with the Consumer Council Ordinance, including the handling of complaints relating to goods and services of and provision of advice to consumers. Conducting spot checks or inspections on shops are not the statutory functions of the Council.

The number of complaints received by the Council in the past 2 years relating to unfair trade practices (the number in the bracket is the number of complaints filed by non-local residents in that year) and the range of the amount involved are set out in the table below:

	2022	2023
The number of complaints relating to unfair trade practices	2 437 (19)	3 258 (571)
The range of the amount involved in each complaint [Note] (the average amount involved in each complaint)	$0 to $10,800,000 ($45,448)	$0 to $6,780,000 ($27,511)

Note: As some of the complaints did not involve any monetary loss or the complainants did not provide the amount of monetary loss or relevant information, the amounts involved in those complaints were set at $0.

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB056

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2947)

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

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

Programme: (7) Subvention: Consumer Council

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

Director of Bureau: Secretary for Commerce and Economic Development

Question:

One of the functions of the Consumer Council (the Council) is to raise consumers' awareness of their rights and interests through education and publicity campaigns. There are a vast number of online shopping platforms and consumption traps are different from those in the past. Will the Government advise on the following:

(1) Does the Council have any measures to strengthen its collaboration with the Police, the telecommunications industry, Internet platforms etc. in addressing online shopping scams, including issuance of warnings against suspicious websites?

(2) With regard to online shopping, please set out (i) the categories of and the respective number of complaints received over the past 3 years; (ii) the range of money involved; and (iii) the age of complainants.

Asked by: Hon LEUNG Yuk-wai, Kenneth (LegCo internal reference no.: 30)

Reply:

The Consumer Council (the Council) has been giving consumer alerts and suggestions in relation to online shopping to consumers through different channels. Among others, the Council collaborates with the Police closely to disseminate information about online scams and consumption traps relating to online shopping to consumers through online talks and education workshops, etc. so as to enhance consumers' awareness in this respect. In addition, the Council also sets out complaint cases relating to online shopping in the "CHOICE" Magazine published by the Council to remind consumers of the relevant points to note.

The numbers of complaints relating to online shopping received by the Council in the past 3 years (by categories and the range of the amount involved) are set out in the table below:

Category Note 1	2021	2022	2023
Sales practice	1 158	759	973
Delayed delivery	1 989	4 531	4 225
Price/charge dispute	1 029	1 671	2 231
Product quality	901	1 676	1 559
Service quality	347	529	779
Quantity	58	189	132
Repair and maintenance services	74	161	152
Contract variation/termination	754	1 845	3 460
Suspected counterfeit goods	345	498	704
Expired product	111	176	247
Suspected unsafe product	28	44	49
Wrong model	76	322	347
Gifts/discounted goods	107	483	440
Closing down of shop	16	41	23
Others	54	190	236
Total	**7 047**	**13 115**	**15 557**
The range of the amount involved in each complaint Note 2 (the average amount involved in each complaint)	$0 to $2,190,000 ($2,919)	$0 to $1,500,000 ($3,065)	$0 to $1,790,000 ($3,124)

Note 1: If a complaint involved more than one category, it was counted towards the most relevant category.
Note 2: As some of the complaints did not involve any monetary loss or the complainants did not provide the amount of monetary loss or relevant information, the amounts involved in those complaints were set at $0.

The Council does not compile breakdowns of statistics on the age of the complainants.

- End -

Reply Serial No.

CEDB057

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0731)

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 proposed in the Budget that Hong Kong be developed into a multinational supply chain management centre to provide professional support services for Mainland enterprises to "go global". It is mentioned in Matters Requiring Special Attention in 2024-25 that the Hong Kong Trade Development Council will, among others, position Hong Kong as the ideal two-way business hub for the Greater Bay Area, the Association of Southeast Asian Nations and the wider Regional Comprehensive Economic Partnership with the rest of the world.

In this connection, please inform this Committee of:

1. the details of the work of the Commerce and Economic Development Bureau in respect of the co-ordination with "Team Hong Kong" organisations and the manpower and expenditure involved;

2. whether there will be concrete measures, such as financial and tax measures and unconventional land disposal methods, to attract Mainland manufacturing enterprises to set up offices in Hong Kong, to serve as headquarters for managing their offshore trading. If so, what are the details? If not, what are the reasons?

3. whether there will be measures to promote the co-operation among Hong Kong and Mainland enterprises and Belt and Road countries in respect of core production factors and supply chains. If so, what are the details? If not, what are the reasons?

Asked by: Hon LIAO Cheung-kong, Martin (LegCo internal reference no.: 9)

Reply:

The Financial Secretary announced in the 2024-25 Budget that, in line with the trend of Mainland manufacturing enterprises extending their production supply chains abroad, it is the goal of the Hong Kong Special Administrative Region Government to develop Hong Kong into a multinational supply chain management centre.

Under "One Country, Two Systems", Hong Kong has the distinctive advantages of enjoying strong support of the Motherland and being closely connected to the world, plays the important roles as a "super-connector" and a "super value-adder", and serves as a two-way springboard for attracting overseas enterprises and for Mainland enterprises to "go global". As a premier financial and commercial centre in the region, Hong Kong has the capacity to offer full-fledged and comprehensive professional support services to Mainland enterprises to meet their overseas business needs. Meanwhile, being one of the most competitive economies in the world, Hong Kong's institutional fundamentals and other core strengths (including a simple and low tax system; a favourable business environment; efficient and transparent markets; a regulatory regime in line with international rules; and free flow of goods and factors of production including talents, capital and information, etc.) make Hong Kong the only place in the world where the global advantage and the China advantage come together in a single economy, and is the best choice for Mainland manufacturing enterprises to set up headquarters for managing their offshore trading.

The following professional support services are of utmost importance to those Mainland enterprises seeking to "go global":

- Consulting services: The Hong Kong Trade Development Council has been providing various services through different schemes covering business operations, production and supply chain solutions, market information and other consulting services. All these help support Mainland enterprises based in Hong Kong to establish a foothold in countries along the Belt and Road (B&R);

- Trade financing: Mainland enterprises that have established in Hong Kong can also utilise various services provided by the Hong Kong Export Credit Insurance Corporation, including export credit insurance, surveys on buyers, and sharing of market updates to meet their business operation needs;

- Trade financing: The Commercial Data Interchange and Project mBridge launched earlier by the Hong Kong Monetary Authority allow enterprises to apply trade financing and cross-border settlement services at a lower cost and with higher efficiency; and

- Corporate training: In view that Hong Kong's business sector possesses rich knowledge and profound experience in managing multinational supply chains as well as handling compliance, labour protection, environmental protection and other requirements of overseas markets, we will facilitate collaboration between different organisations and industry stakeholders to provide environmental, social and corporate governance (ESG) training, etc. to Mainland enterprises seeking to expand their reach to overseas markets. This will help them build goodwill with business partners and expand their markets.

To attract Mainland manufacturing enterprises to establish in Hong Kong, the Commerce and Economic Development Bureau (CEDB), in coordination with "Team Hong Kong" organisations, including Invest Hong Kong, will strengthen the support work and work together to study implementation details, including establishing a single window to provide one-stop services for the enterprises.

Invest Hong Kong will proactively support the relevant work in the process of attracting Mainland manufacturing enterprises to set up headquarters for managing their offshore trading, by stepping up its efforts to promote various advantages of doing businesses in Hong Kong; and offering one-stop customised support services, from the planning to implementation stages. The Department will also actively pay attention to those enterprises' needs (including financial and tax measures and land use, etc.) and reflect them accordingly to relevant policy bureaux or departments so as to suitably assist and further facilitate the enterprises in setting up headquarters for managing their offshore trading.

The above work of CEDB, Invest Hong Kong and other "Team Hong Kong" organisations will be handled with existing resources and manpower, without involving additional expenditure.

On promoting collaboration among enterprises of B&R countries, Hong Kong and the Mainland, Hong Kong has been organising the Belt and Road Summit (the Summit) annually since 2016, and the Summit has now established itself as the largest and most important international commerce, investment and business platform for promoting collaboration of Hong Kong, Mainland and overseas enterprises. In 2024, CEDB plans to organise the 9th Belt and Road Summit on 11-12 September, and will further expand the breadth and depth of the Summit. We will launch the new "Belt and Road Festival" in September this year, with a view to furthering Hong Kong's collaboration with B&R countries in a wide range of areas including trade and investment, technology, arts and culture, talent exchanges, etc., to act as an important bridge to showcase achievements of people-to-people exchanges and promote people and cultural exchanges and collaboration.

The Belt and Road Office (BRO) will organise a number of outbound missions, including a joint mission with the Ministry of Commerce, to explore new B&R market opportunities together with Mainland enterprises, as well as to assist Hong Kong enterprises and professionals to open up more overseas business opportunities.

Furthermore, BRO plans to join hands with the Office for Attracting Strategic Enterprises, Invest Hong Kong and Hong Kong Talent Engage, etc., to organise small-scale missions to the Association of Southeast Asian Nations countries, among other places, with specific sectors of professional services invited as fit, to further cultivate these B&R markets. BRO also plans to continue to organise visits for enterprises of B&R countries in Hong Kong to visit the Mainland using Hong Kong as the service base.

- End -

Examination of Estimates of Expenditure 2024-25 | Reply Serial No.

CONTROLLING OFFICER'S REPLY

CEDB058

(Question Serial No. 0808)

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:

One of the matters requiring special attention in 2024-25 is to launch Hong Kong Shopping Festivals on e-commerce platforms. In this connection, please inform this Committee of the following:

1. The financial expenditure and the work details (including implementation timetables, collaborating e-commerce platforms, main types of products for sale, measures to facilitate logistics, etc.) for the launch of Hong Kong Shopping Festivals;

2. Apart from the launch of the aforementioned Hong Kong Shopping Festivals and the introduction of "E-commerce Easy", does the government have any plans to help enterprises take forward e-commerce projects on the Mainland? What is the manpower involved?

3. Does the Government have any plans to assist local enterprises which are interested in tapping into the overseas e-commerce markets?

Asked by: Hon LIAO Cheung-kong, Martin (LegCo internal reference no.: 18)

Reply:

In view of the rapid development of electronic commerce (e-commerce) business worldwide, it was announced in the 2023 Policy Address that the Commerce and Economic Development Bureau (CEDB) would establish the interdepartmental E-commerce Development Task Force (Task Force). The Task Force was established in January 2024 and has convened its first meeting, aiming to explore the areas related to e-commerce development, the impact of e-commerce on the economy as well as the development trends in the Mainland and other overseas e-commerce markets, and to coordinate and implement policies and measures on e-commerce development, with a view to assisting small and medium enterprises (SMEs) in conducting e-commerce business to expand their markets. The Task Force also endorsed the establishment of an expert group, the members of which include Legislative Council Members from different sectors and representatives in the industry. The expert group offers advice to the Task Force and assists the Government in keeping abreast of the market situation of e-commerce development and feedback from the trade more comprehensively. The Government will implement a series of measures in 2024 to strengthen support for enterprises in developing e-commerce businesses in the Mainland market, and will explore later how to support enterprises in leveraging e-commerce to develop overseas markets.

The Hong Kong Shopping Festival, to be organised on e-commerce platforms by CEDB through the Hong Kong Trade Development Council (HKTDC), will be held in the third quarter of 2024 to enable SMEs to leverage the advantages of "high traffic flow" and "massive customer base" of these platforms to promote awareness of Hong Kong brands for developing the Mainland domestic sales market. HKTDC is liaising with different e-commerce and social media platforms with high volume of user traffic for the preparation, and will actively encourage and promote Hong Kong enterprises and brands to participate in the Hong Kong Shopping Festival.

The Financial Secretary announced in the 2024-25 Budget the further injection of \$500 million into the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund), thereby increasing its total commitment to \$7 billion, for sustaining its operation and introducing "E-commerce Easy". We expect that "E-commerce Easy" will be launched in July 2024, which enables SMEs to make use of the \$1 million funding ceiling of a single project flexibly for implementing e-commerce projects on the Mainland within the cumulative funding ceiling of \$7 million per enterprise. The project measures that could be funded will include the establishment of online stores and placement of advertisements on third-party online sales platforms, and the incorporation of online payment options on the websites of enterprises, etc.

We will review the relevant operational arrangements and experience after launching "E-commerce Easy", and will in due course expand its funding scope from the Mainland to also cover other economies with which Hong Kong has signed free trade agreements and/or investment promotion and protection agreements.

Apart from financial support, the "Support and Consultation Centre for Small and Medium Enterprises" (SUCCESS) under the Trade and Industry Department (TID) will take lead and co-operate with the other three SME centres, namely the "SME Centre" under HKTDC, the "SME One" under the Hong Kong Productivity Council and the "TecONE" under the Hong Kong Science and Technology Parks Corporation, to strengthen the provision of information under "four-in-one" integrated services on conducting e-commerce business in the Mainland market, with a view to equipping enterprises to expand their businesses through leveraging e-commerce. From 2020 to end February 2024, a total of 52 webinars/physical seminars related to e-commerce were organised under the "four-in-one" seminar series and by SUCCESS under TID, attracting more than 5 700 participants in total. We expect that the four SME centres will organise over 10 webinars/physical seminars related to e-commerce in the first half of 2024.

The manpower and expenditure of CEDB and HKTDC for organising the Hong Kong Shopping Festival, as well as those of CEDB and TID for implementing the BUD Fund (including "E-commerce Easy") have been subsumed under the respective overall establishment and estimated expenditure, and cannot be quantified separately; the expenditure of the four SME centres has been subsumed under the overall estimated expenditure of the concerned department/organisations, and also cannot be quantified separately.

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB059

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1462)

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:

According to Programme (2), the revised estimate for Commerce and Industry for 2023-24 is \$3.724 billion, which is 556.4% higher than the original estimate; the estimate for 2024-25 is \$5.8341 billion, which is 56.7% higher than the revised estimate for 2023-24. In this connection, will the Government inform this Committee of:

1. the reasons for the substantial increase in the revised estimate for 2023-24; and

2. how will the increase in the estimate for 2024-25 be spent?

Asked by: Hon LUK Chung-hung (LegCo internal reference no.: 27)

Reply:

The 2023-24 revised estimate under Programme (2) Commerce and Industry is \$3.1567 billion (556.4%) higher than the original estimate, while the 2024-25 estimate is \$2.1101 billion (56.7%) higher than the 2023-24 revised estimate. Most of the increased provisions (more than 99% and 90% respectively) have been allocated under the SME Financing Guarantee Scheme (SFGS) – Guarantee Products, mainly due to the expected increase in the cash flow requirement of the SFGS in 2023-24 and 2024-25.

The Government provides loan guarantees to enterprises through the SFGS, and launched the 80% and 90% Guarantee Products in 2012 and 2019 respectively to help small and medium enterprises (SMEs) obtain commercial loans. To assist enterprises hard hit by the epidemic in coping with cash flow problems, the Government launched in April 2020 the time-limited Special 100% Guarantee Product under the SFGS to provide low-interest concessionary loans to SMEs. HKMC Insurance Limited (HKMCI) is responsible for administering and managing the SFGS.

Since its launch in 2012, the SFGS has been well-received by enterprises. As at end February 2024, more than 100 000 applications have been approved, involving a total of over $274 billion of loans, benefitting over 61 000 enterprises and about 780 000 employees in total.

Having regard to the economic situation of Hong Kong and the needs of SMEs, the Government keeps on enhancing the SFGS, including extending the application period for the Special 100% Guarantee Product several times, from initially 6 months to 47 months, until end March 2024. The Financial Secretary announced in the 2024-25 Budget the extension of the application period for the 80% and 90% Guarantee Products under the SFGS for 2 years to end March 2026.

As at end February 2024, the cumulative default rates of the 80%, 90% and Special 100% Guarantee Products under the SFGS were about 4.2%, 2% and 6.8% respectively, lower than the assumed overall default rates (12%, 16% and 25% respectively). To handle all the existing and new applications as well as the expected default situation of the SFGS, the Government needs to increase the estimated cash flow requirement in 2023-24 and 2024-25 accordingly, so as to cater for the relevant expenses of the various guarantee products. These include payments of originating fee in respect of the Special 100% Guarantee Product to the participating lending institutions, payments to HKMCI to cover the administrative costs and the necessary out-of-pocket expenses to be incurred as well as the default claim payments. Nevertheless, the actual expenses and the default rates of the SFGS are subject to change having regard to the number of applications, the overall economic environment and the operational situation of individual borrowing enterprises.

The Government and HKMCI will continue to monitor the situation closely.

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB060

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1671)

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 financial provision for Commerce and Industry, there have been substantial increases in multiples in both 2023-24 and 2024-25. In this connection, please inform this Committee of the following:

a) What are the reasons for the substantial increases in the relevant provisions for 2 consecutive years? What will the additional provisions be mainly used for and what are the details?

b) It is mentioned in the Brief Description that the HKSAR Government intends to develop Hong Kong into a regional intellectual property trading centre. What are the specific measures and the current progress? What are the estimated manpower and financial provision required for achieving the relevant objective? Is there any specific timetable?

c) It is also mentioned in the Brief Description that the HKSAR Government intends to support the further development of wine-related businesses in Hong Kong. As the strategy has been announced for years, what is the current progress? Has the Government formulated any specific promotion measures and what are the details?

Asked by: Hon LUK Hon-man, Benson (LegCo internal reference no.: 4)

Reply:

The 2023-24 revised estimate under Programme (2) Commerce and Industry is \$3.1567 billion (556.4%) higher than the original estimate, while the 2024-25 estimate is \$5.2668 billion (928.4%) higher than the 2023-24 revised estimate. Most of the increased provisions (more than 99% and 90% respectively) have been allocated under the SME

Financing Guarantee Scheme (SFGS) – Guarantee Products, mainly due to the expected increase in the cash flow requirement of the SFGS in 2023-24 and 2024-25.

The Government provides loan guarantees to enterprises through the SFGS, and launched the 80% and 90% Guarantee Products in 2012 and 2019 respectively to help small and medium enterprises (SMEs) obtain commercial loans. To assist enterprises hard hit by the epidemic in coping with cash flow problems, the Government launched in April 2020 the time-limited Special 100% Guarantee Product under the SFGS to provide low-interest concessionary loans to SMEs. HKMC Insurance Limited (HKMCI) is responsible for administering and managing the SFGS.

Since its launch in 2012, the SFGS has been well-received by enterprises. As at end February 2024, more than 100 000 applications have been approved, involving a total of over $274 billion of loans, benefitting over 61 000 enterprises and about 780 000 employees in total.

Having regard to the economic situation of Hong Kong and the needs of SMEs, the Government keeps on enhancing the SFGS, including extending the application period for the Special 100% Guarantee Product several times, from initially 6 months to 47 months, until end March 2024. The Financial Secretary announced in the 2024-25 Budget the extension of the application period for the 80% and 90% Guarantee Products under the SFGS for 2 years to end March 2026.

As at end February 2024, the cumulative default rates of the 80%, 90% and Special 100% Guarantee Products under the SFGS were about 4.2%, 2% and 6.8% respectively, lower than the assumed overall default rates (12%, 16% and 25% respectively). To handle all the existing and new applications as well as the expected default situation of the SFGS, the Government needs to increase the estimated cash flow requirement in 2023-24 and 2024-25 accordingly, so as to cater for the relevant expenses of the various guarantee products. These include payments of originating fee in respect of the Special 100% Guarantee Product to the participating lending institutions, payments to HKMCI to cover the administrative costs and the necessary out-of-pocket expenses to be incurred as well as the default claim payments. Nevertheless, the actual expenses and the default rates of the SFGS are subject to change having regard to the number of applications, the overall economic environment and the operational situation of individual borrowing enterprises.

The Government and HKMCI will continue to monitor the situation closely.

In order to enhance Hong Kong's competitive advantages in developing intellectual property (IP) trading in the region to align with the national strategy to develop IP and to enable Hong Kong to better integrate into overall national development, the Government has been implementing a series of measures to further develop Hong Kong into a regional IP trading centre from three aspects in the short, medium and long term, namely strengthening protection of IP rights, building capacity and promoting widely. The Chief Executive has announced in the 2023 Policy Address that the Government will leverage our advantages in legal, taxation and professional services to develop Hong Kong into a regional IP trading centre. The key measures include:

- enhance the IP legal regime – The latest amendments to the Copyright Ordinance came into force in May 2023 to strengthen copyright protection in the digital environment. We will conduct consultation this year to explore further enhancement of the Copyright Ordinance regarding protection for artificial intelligence technology development to ensure that Hong Kong's copyright regime remains robust and competitive;

- implement the "patent box" tax incentive – the Government has already introduced into the Legislative Council in April 2024 a proposal to amend the Inland Revenue Ordinance with a view to implementing the "patent box" tax incentive, which will reduce substantially the tax rate for profits derived from qualifying IP from 16.5% (i.e. the current normal profits tax rate applicable in Hong Kong) to 5%. This incentive aims to encourage enterprises to devote more resources to research and development and conduct commercialisation transactions making use of patents and other IP rights;

- plan for regulatory arrangements on patent agent services – The Government will allocate an additional funding of about $12 million in total to the Intellectual Property Department (IPD) over the next 3 years to prepare for the introduction of regulatory arrangements for local patent agent services. The aim is to enhance its professionalism and support the development of the original grant patent system. The Government will also continue to strengthen and enlarge its patent examiner team and enhance its substantive examination capability by gradually increasing the number of patent examiners of the IPD from 29 at the end of February 2024 to about 100 in 2030, with a view to acquiring institutional autonomy in conducting substantive patent examination in 2030 [Note]; and

- boost trading of local original works – The Hong Kong Trade Development Council (HKTDC) will enrich the Hong Kong International Film and TV Market, Hong Kong International Licensing Show and Hong Kong Book Fair, as well as its Asia IP Exchange portal, with more trading elements, such as including more business-matching activities and providing additional market information on IP trading and professional support services (such as legal, mediation and arbitration, accounting, valuation, etc.), so as to strengthen support for local original works to exploit the Mainland and international markets.

Furthermore, the IPD will launch a review of the registered designs regime within 2024 with a view to commencing consultation in 2025 on the way forward in updating the regime, so as to ensure that the regime closely follows the mainstream international practices and meets future local industrial development needs. We have also reduced the fees chargeable by the Designs Registry by 10% to 70% so as to encourage the industry to register their designs in a timely manner. The new fees took effect on 1 March 2024.

The 2024-25 Budget has also announced that we are planning for the establishment of a World Intellectual Property Organization Technology and Innovation Support Centre (TISC) in Hong Kong to enable our better integration into overall national development. The TISC will focus on providing specialised services such as patent search and analysis for the protection of scientific research results and enhanced support to the innovation and technology (I&T) sector, while promoting IP trading at the same time. The TISC also helps nurture local I&T talent well versed in patent knowledge. In this regard, the Government has set aside $45 million to support the Hong Kong Productivity Council in establishing and operating the TISC. It is anticipated that the TISC will commence operation by 2025 the earliest.

On facilitation measures for cross-boundary IP protection, the China National Intellectual Property Administration, in collaboration with the IPD and the IP authorities of Guangdong Province and Shenzhen Municipality, launched a pilot project on 1 January 2023 for prioritising examination of qualified invention patent applications filed by Hong Kong applicants in the Mainland, which facilitates Hong Kong applicants to seek patent protection in the Mainland. In addition, with the support of the IPD, the Guangdong Administration for Market Regulation (Guangdong Intellectual Property Administration) has progressively set up the "Hong Kong Special Administrative Region Intellectual Property Enquiry Points" in 13 cities in the Guangdong Province since October 2021 to facilitate Mainland residents and enterprises to enquire about matters relating to applications for IP registration in Hong Kong. With the assistance of the Mainland authorities, the IPD also launched a reciprocal enquiry service in February 2023, through which Hong Kong residents and enterprises can enquire about matters relating to applications for trade mark registration in the Mainland via email. The IPD and the Mainland authorities will continue to review the implementation of the relevant services and explore the feasibility of enhancing and expanding these services.

Besides, the Commerce and Economic Development Bureau (CEDB) and the Authority of Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone of Shenzhen Municipality jointly promulgated the "16 Co-operation Measures for the Development of the Qianhai Shenzhen-Hong Kong Intellectual Property and Innovation Hub" in February 2023, which cover co-operation in areas including IP protection, exploitation and transformation, exchange and study, promotion and education, and IP trading.

As the law enforcement agency for IP rights, the Customs and Excise Department (C&ED) makes on-going efforts to enhance public awareness of IP rights through various channels, including seminars and talks organised from time to time in collaboration with the IPD, the Consumer Council, industry associations and major business associations. The C&ED will continue to organise promotional and educational activities to raise the community's awareness of IP rights.

Apart from the allocation of time-limited resources mentioned above, protecting IP rights and developing Hong Kong into a regional IP trading centre are part of the overall work of the CEDB. It is therefore difficult to quantify the resources required for such efforts separately. CEDB will continue to press ahead with the various tasks to consolidate our advantages to develop Hong Kong into a regional IP trading centre.

The Government exempted the wine duty in 2008, with a view to unleashing the potential of wine-related businesses and benefitting the economy. Hong Kong has since become a regional wine trading and distribution hub and one of the largest wine auction centres in the world.

According to the Census and Statistics Department, the wine trading figures from 2021 to 2023 for Hong Kong are as follows:

Imports

Year	Total Value ($ hundred million)	Year-on-year Change	Total Volume (ten million litre)	Year-on-year Change
2023	76	-5.0%	3.1	-10.8%
2022	80	-24.7%	3.5	-10.3%
2021	106	+41.2%	3.9	+12.4%

Re-exports

Year	Total Value ($ hundred million)	Year-on-year Change	Total Volume (ten million litre)	Year-on-year Change
2023	29	+26.0%	1.1	+35.0%
2022	23	+45.1%	0.8	-19.9%
2021	16	+77.4%	1.0	+54.1%

We will continue to co-ordinate and encourage the relevant bodies to organise wine-related trade and investment activities, including the Hong Kong International Wine & Spirits Fair organised by HKTDC. HKTDC would continue to assist the industry in exploring potential markets not only on the Mainland, but also those in the region. The Hong Kong Quality Assurance Agency would also continue to operate its wine registration and wine storage certification schemes that would help showcase Hong Kong traders' reputation.

Note: Additional time-limited funding of a total of about 84 million for three financial years from 2022-23 to 2024-25 has been allocated to IPD for recruiting 35 patent examiners.

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB061

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1672)

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:

It is mentioned in the Matters Requiring Special Attention that the Bureau will continue to monitor developments on various regional economic integration initiatives and explore opportunities for Hong Kong's participation, including seeking early accession to the Regional Comprehensive Economic Partnership (RCEP). In this connection, please inform this Committee of the following:

a) The Hong Kong Special Administrative Region (HKSAR) Government submitted its formal application to join the RCEP as early as in early January 2022, but no positive feedback is received so far. What is the latest progress of Hong Kong's accession to the RCEP? What are the restrains hindering Hong Kong's accession at this stage?

b) What are the details about the number of personnel and financial resources deployed by the HKSAR Government to take up and follow up on accessions to international economic and trade organisations like the RCEP?

Asked by: Hon LUK Hon-man, Benson (LegCo internal reference no.: 5)

Reply:

Upon the entry into force of the Regional Comprehensive Economic Partnership (RCEP) [Note] on 1 January 2022, the HKSAR Government has immediately submitted Hong Kong's formal accession request, and actively made use of various regional fora and at different levels and occasions to reiterate Hong Kong's keen interest in joining RCEP. Responses have been positive. For example, in July 2023, the Chief Executive personally led a high-level delegation to the ASEAN, visiting Singapore, Indonesia and Malaysia. He met with the leaders of these three countries and had exchanges with the Secretary-General of ASEAN and local business leaders, with an aim to showing appreciation for ASEAN's steadfast support for Hong Kong's accession to RCEP. Thereafter, the Secretary for Commerce and

Economic Development (SCED) co-chaired with the Indonesian Minister of Trade the 7th ASEAN Economic Ministers (AEM)-Hong Kong, China Consultation in August 2023 in Indonesia. At the meeting, AEM noted the value and important contributions that Hong Kong would bring upon its prospective accession to RCEP, and positively welcomed Hong Kong's accession request. In addition, in January 2024, the Trade and Industry Department (TID), in conjunction with Invest Hong Kong and the Hong Kong Trade Development Council, organised a luncheon with the theme of fostering trade and economic ties between Hong Kong and ASEAN. SCED attended and chaired the proceedings. Over 100 guests from the public and business sectors were in attendance, including the Consuls-General of RCEP members, representatives of their chambers of commerce and local chambers. The attendees expressed support for Hong Kong's early accession to RCEP in order to further drive regional trade and economic development. Concurrently, TID and relevant overseas Hong Kong Economic and Trade Offices (ETOs) have continued to maintain close liaison with the trade and economic departments of RCEP members to foster favourable conditions for the early accession of Hong Kong to RCEP.

According to the understanding of the HKSAR Government, RCEP members have yet to conclude their discussions on the accession procedures for new members. The HKSAR Government will continue to seek early commencement of negotiations and discussions with RCEP member economies and strive to forge consensus from various sectors in supporting Hong Kong's accession to RCEP.

As the above work is conducted with the existing manpower and is a part of the regular duties of the Commerce and Economic Development Bureau, TID and the respective ETOs, the expenditure has been subsumed under the overall estimated expenditure and cannot be quantified separately.

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

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB062

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1673)

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:

It is mentioned in the Matters Requiring Special Attention that the Bureau will continue to monitor the developments under the World Trade Organization (WTO) Dispute Settlement Mechanism concerning the case against the US' revised origin marking requirement on imported products originating from Hong Kong; and continue to maintain close communication with the trade. In this connection, please advise the Committee on the following:

a) whether the Bureau has made any progress in settling the above-mentioned dispute and the details;

b) whether the Bureau has engaged in direct dialogue with the relevant bodies of the WTO and counterparts in the US on the dispute and the current situation;

c) whether the Bureau has conducted any lobbying and explanatory work in other countries on the dispute and the details.

Asked by: Hon LUK Hon-man, Benson (LegCo internal reference no.: 6)

Reply:

Following the report by the Panel established under the World Trade Organization (WTO) Dispute Settlement Body (DSB) published on 21 December 2022, which ruled that the origin marking requirement imposed on Hong Kong products by the United States (US) is inconsistent with WTO rules, the HKSAR Government had written to the US Trade Representative urging the US to respect the Panel's ruling and recommendations, and to promptly bring the offending measure into conformity. However, as the US lodged an appeal against the panel report on 26 January 2023, the report could not be adopted by the DSB, and the implementation of its ruling has to be suspended until the completion of appeal procedures.

As the WTO Appellate Body (AB) is currently not operational due to the US blocking appointments to the AB, following current arrangements, the US' appeal will only be processed when the AB resumes operation. The US' paralysing the operation of the AB on the one hand and lodging an appeal against the panel report at the same time is clearly a self-contradictory move and an abuse of the procedures, designed to evade responsibilities to withdraw the origin marking requirement. The HKSAR Government has unequivocally condemned the move. The HKSAR Government has reserved its right to respond to the US' appeal after the AB resumes operation, and will continue to closely monitor and follow up on developments, as well as to take corresponding actions in order to safeguard Hong Kong's trade interests and rights.

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB063

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0022)

Head:	(152) Government Secretariat: Commerce and Economic Development Bureau
Subhead (No. & title):	(000) Operational expenses
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 implementation of "E-commerce Easy", it is mentioned under Matters Requiring Special Attention in 2024-25 that among others, the enhanced BUD Fund will provide support for taking forward e-commerce projects on the Mainland under the "E-commerce Easy", and Hong Kong Shopping Festivals will be launched on e-commerce platforms in collaboration with the Hong Kong Trade Development Council, thereby assisting Hong Kong enterprises in promoting their products to the Mainland. In this connection:

1. please specify the various work, estimates and collaborating departments involved in the implementation of "E-commerce Easy";

2. how the HKSAR Government will actively participate in the national plan of establishing a unified domestic market;

3. as Hong Kong's external trade continues to decline due to reasons including geopolitical tensions and the transformation and restructuring of the manufacturing sector, has the Government explored the expansion of overseas markets and exports under the circumstances mentioned in points 1 and 2 above, and what are the specific plans?

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

Reply:

The Financial Secretary announced in the 2024-25 Budget the further injection of $500 million into the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund), thereby increasing its total commitment to $7 billion, for sustaining its operation and introducing "E-commerce Easy". We expect that "E-commerce Easy" will be launched in July 2024, which enables SMEs to make use of the $1 million funding ceiling of a single project flexibly for implementing electronic commerce (e-commerce) projects on the

Mainland within the cumulative funding ceiling of $7 million per enterprise. The project measures that could be funded will include the establishment of online stores and placement of advertisements on third-party online sales platforms, and the incorporation of online payment options on the websites of enterprises, etc.

The manpower and expenditure of the Commerce and Economic Development Bureau (CEDB) and the Trade and Industry Department for implementing the BUD Fund (including "E-commerce Easy") have been subsumed under the respective overall establishment and estimated expenditure, and cannot be quantified separately. The estimated expenditure of the BUD Fund (including "E-commerce Easy") in 2024-25 is $1.195 billion, including the manpower and other fees provided to the Hong Kong Productivity Council as the Programme Secretariat for implementing the BUD Fund, as well as disbursements to grantees.

Domestic demand of the Mainland market continues to grow under our country's "dual-circulation" strategy. The Government strives to assist Hong Kong enterprises in tapping into the Mainland domestic sales market and grasping the enormous business opportunities on the Mainland, and to further strengthen trade between the Mainland and Hong Kong.

Through the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA), the Government has been promoting trade and investment liberalisation and facilitation, as well as enhancing the level of market integration between the two places. Under the framework of CEPA, all Hong Kong products meeting the CEPA rules of origin can enjoy zero-tariff treatment upon importation into the Mainland. The Mainland also implements preferential and facilitation measures for Hong Kong service suppliers in most areas of services trade, such as removing or relaxing restrictions on the establishment of enterprises regarding equity shareholding, capital requirements and business scope; relaxing qualification requirements for the provision of services by Hong Kong professionals; and relaxing the geographical and other restrictions for Hong Kong's exports of services to the Mainland market. The Government is actively seeking to enrich the contents of CEPA by striving for further liberalisation, aiming especially at those sectors that Hong Kong enjoys competitive advantages, with a view to facilitating Hong Kong enterprises to tap into the Mainland domestic sales market.

In addition, the Governments of Guangdong, Hong Kong and Macao are actively promoting the development of GBA (Guangdong-Hong Kong-Macao Greater Bay Area) Standards for different products and services, with a view to helping the enhancement of product and service quality and promoting the interconnectivity and integrated development of the 3 places in the long run. So far, a total of 183 GBA Standards have been formulated and promulgated, covering the fields of food quality and safety, Cantonese cuisine, prepared dishes, transportation, mechanical and electrical products, as well as medical care, nursing care, education and e-sports, etc. The Government will continue to liaise and cooperate with the Guangdong and Macao authorities, and to promote the GBA Standards to the industrial and trade organisations, professional bodies and enterprises, and encourage them to participate in the formulation of GBA Standards and adopt them on a voluntary basis.

In terms of Hong Kong's external commercial relations, the Government has been expanding Hong Kong's economic and trade network overseas, to help the business sector develop emerging markets and to facilitate bilateral trades between Hong Kong and these markets.

To strengthen our economic and trade relations with the Middle East, the Government has just signed an investment promotion and protection agreement (IPPA) with Bahrain, and is conducting negotiations of an IPPA with Saudi Arabia, as well as considering the establishment of an overseas Hong Kong Economic and Trade Office (ETO) in Riyadh. The Association of Southeast Asian Nations is another priority strategic partner with whom we seek to enhance our engagement. The Government is considering the setting up of an ETO in Kuala Lumpur, Malaysia. As for other markets, we are negotiating a free trade agreement with Peru and an IPPA with Bangladesh. Such agreements can create more business opportunities and strengthen the trade and investment partnerships between Hong Kong and other places. Invest Hong Kong (InvestHK) will set up two consultant offices in Cairo, the capital of Egypt, and Izmir, the third largest city in Türkiye in 2024-25, to attract investment and enterprises from high-potential emerging countries in the Middle East and North Africa; while the Hong Kong Trade Development Council will set up consultant offices in Dhaka, the capital city of Bangladesh, and Phnom Penh, the capital city of Cambodia in 2024-25 to strengthen trade promotion in emerging countries.

On top of expanding Hong Kong's economic and trade network overseas, we strive to develop Hong Kong into a multinational supply chain management centre.

The international trade landscape is in a constant state of flux. Mainland manufacturing enterprises are increasingly using production capabilities both at home and abroad as multinational supply chains for manufacturing products to be exported to overseas markets. As a premier financial and commercial centre in the region, Hong Kong has the capacity to offer full-fledged and comprehensive professional support services to enterprises to meet their overseas business needs. These services are of utmost importance to enterprises seeking to go global, particularly those with less overseas experience.

CEDB, in coordination with "Team Hong Kong" organisations, will work together to study relevant details, including the provision of one-stop services for enterprises. InvestHK will also step up efforts to attract Mainland manufacturing enterprises to set up offices in Hong Kong to serve as headquarters for managing their offshore trading, and continue to organise and sponsor a series of investment promotion activities to provide them with the latest information on Hong Kong's business environment and proactively promote Hong Kong's distinctive advantages of enjoying strong support of the Motherland and our close connections to the world under "One Country, Two Systems".

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB064

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0025)

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:

1. The Hong Kong Trade Development Council (HKTDC) will hold 37 local fairs in 2024, which is 2 fairs less than the actual number of local fairs held in 2023. Please state the 2 fairs being removed and provide the reasons for not holding them again.

2. The financial provision for the HKTDC for 2024/25 will be reduced by 13.9% as compared with the estimate for 2023/24. Please provide the reasons for the reduction.

3. According to the funding arrangement between the Government and the HKTDC, a certain proportion of the trade declaration charge on imports, domestic exports and re-exports will be set aside as provision for the HKTDC. However, owing to the epidemic and various economic factors, Hong Kong's exports have dropped significantly. Please advise the amount of subvention the HKTDC received from the trade declaration charge in 2023/24. Did the amount meet the rate as agreed between the Government and the HKTDC? Did it have any impacts on the operation of the HKTDC?

Asked by: Hon MA Fung-kwok (LegCo internal reference no.: 10)

Reply:

The Hong Kong Trade Development Council (HKTDC) has been helping small and medium enterprises in tapping into the Mainland and global markets by organising international exhibitions. In response to the evolving market condition, the HKTDC will consolidate different exhibitions or add new elements, sessions and zones to existing exhibitions, thus the number of exhibitions organised each year may vary.

The Government will determine the amount of annual subvention to the HKTDC based on such factors as the Government's financial position, the HKTDC's funding requirements, new demands for trade-related services and the economic situation of Hong Kong. In 2024-25, the Government provides an estimated subvention of $551.39 million to the HKTDC, which is 13.9% lower than that of 2023-24, mainly due to the lapse of the time-limited funding to the HKTDC for the development of virtual platforms. Excluding the aforementioned time-limited subvention, the amount of subvention provided by the Government to the HKTDC in 2024-25 is increased by 2.1% when compared to 2023-24.

- End -

CEDB065

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0058)

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:

The provision for 2024–25 under Programme (2) Commerce and Industry of the Commerce and Economic Development Bureau is $2.1101 billion (56.7%) higher than the revised estimate for 2023–24, which is mainly due to the increased cash flow requirement for the SME Financing Guarantee Scheme (SFGS) – Guarantee Products. Will the Government inform this Committee of the details of the increase in expenditure, including the reasons for the surge in cash flow requirement for the SFGS, the number of guarantee cases involved, the amount involved in each case, the industries involved, whether any default is involved, the total default rate under the SFGS in the past year, and whether the increase in cash flow requirement for the SFGS is expected to be an ongoing trend?

The SAR Government launched the SFGS with the original aim of helping small and medium enterprises alleviate their funding problems. Have there been any cases of fraud committed through the abuse of the SFGS, such as defaulting after taking out a loan? Please provide a breakdown of the details. Have the authorities assessed the abuse of the SFGS and estimated the number of approved cases with defaults? Will the Government rigorously combat such fraudulent acts to ensure the proper use of public money?

Asked by: Hon NG Kit-chong, Johnny (LegCo internal reference no.: 19)

Reply:

There is an increase of $2.11 billion (56.7%) in the 2024-25 estimate over the 2023-24 revised estimate under Programme (2) Commerce and Industry. Nearly 90% of the increase is expected to be spent on the SME Financing Guarantee Scheme (SFGS) – Guarantee Products, mainly due to the increase in the estimated cash flow requirement for the SFGS.

Since its launch in 2012, the SFGS has been well-received by enterprises. As at end February 2024, more than 100 000 applications have been approved, involving a total of over $274 billion of loans. The average loan amounts approved per enterprise under the 80%, 90% (launched in 2019) and the Special 100% Guarantee Products (launched in 2020) are \$8.4 million, \$2.5 million and \$3.6 million respectively, benefitting over 61 000 enterprises and about 780 000 employees in total. The major beneficiary sectors include trading, wholesale and retail as well as engineering and construction, etc.

Having regard to the economic situation of Hong Kong and the needs of small and medium enterprises, the Government keeps on enhancing the SFGS, including extending the application period for the Special 100% Guarantee Product several times, from initially 6 months to 47 months, until end March 2024. The Financial Secretary announced in the 2024-25 Budget the extension of the application period for the 80% and 90% Guarantee Products under the SFGS for 2 years to end March 2026.

As at end February 2024, the cumulative default rates of the 80%, 90% and Special 100% Guarantee Products under the SFGS were about 4.2%, 2% and 6.8% respectively, lower than the assumed overall default rates (12%, 16% and 25% respectively). To handle all the existing and new applications as well as the expected default situation of the SFGS, the Government needs to increase the estimated cash flow requirement in 2024-25 accordingly, so as to cater for the relevant expenses of the various guarantee products. These include payments of originating fee in respect of the Special 100% Guarantee Product to the participating lending institutions, payments to HKMC Insurance Limited (HKMCI) (which is responsible for administering and managing the SFGS) to cover the administrative costs and the necessary out-of-pocket expenses to be incurred as well as the default claim payments. Nevertheless, the actual expenses and the default rates of the SFGS are subject to change having regard to the number of applications, the overall economic environment and the operational situation of individual borrowing enterprises. The Government and HKMCI will continue to monitor the situation closely.

As at end February 2024, about 2 800 applications of the Special 100% Guarantee Product (involving around \$8.2 billion of loans) involved illegal activities, including using false instruments, providing false information or declarations, etc. Among them, about 1 110 cases (involving around \$3.8 billion of loans) were already rejected by HKMCI and/or the lending institutions during application assessment, while the other 1 700 cases (involving around \$4.4 billion of loans) were identified after loan drawdown. HKMCI has taken appropriate actions, including reporting the cases that may involve illegal activities and providing assistance to the law enforcement agency, issuing clear guidelines to the participating lending institutions of the SFGS, taking legal actions through the lending institutions, etc.

In processing loan applications, the lending institutions will conduct customer due diligence to confirm that the borrowing enterprises could fulfil the eligibility requirements. HKMCI will also conduct appropriate checks in vetting the applications submitted by the lending institutions, and enhance the vetting of suspicious cases.

In the event that a borrowing enterprise defaults on repayment, the lending institution will initiate recovery actions and request the enterprise and guarantor to repay the loan in accordance with its policy and prevailing commercial practice. HKMCI will continue to maintain close communication and cooperate with the lending institutions and the law enforcement agency to prevent and handle appropriately cases that may involve illegal activities.

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB066

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0059)

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:

Under this programme, one of the matters requiring special attention of the Commerce and Economic Development Bureau in 2024-25 is to "continue to collaborate with the Mainland authorities and the Hong Kong Trade Development Council to help Hong Kong enterprises promote their products and services to the Mainland market". Please inform this Committee of the expenditure on such work in the past year. What initiatives were implemented? How effective were they? Regarding the expansion of the "GoGBA Business Support Centre" network to cover Mainland cities of the Greater Bay Area, how was the progress and how effective was it? Please provide a breakdown of the details. In 2024 25, what new plans does the Administration have to promote the products and services of Hong Kong to the Mainland market? What are the expenditure and implementation timetable involved?

Asked by: Hon NG Kit-chong, Johnny (LegCo internal reference no.: 20)

Reply:

In 2023-24, the Hong Kong Trade Development Council (HKTDC) continued to provide Hong Kong enterprises with the latest policy updates and economic and trade information about the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) market through the "GoGBA one-stop platform" launched in 2021, with a view to helping Hong Kong enterprises build network and promote business opportunities. Among others, the network of "GoGBA Business Support Centres" was expanded to cover all 9 Mainland cities in the GBA in 2023-24, with such centres set up in Qianhai (Shenzhen), Nansha (Guangzhou), Zhuhai, Dongguan, Zhongshan, Foshan, Jiangmen, Zhaoqing and Huizhou. As of February 2024, "GoGBA Business Support Centres" and the "HKTDC GBA Centre" in Shenzhen had organised over 110 activities including online and physical sharing sessions, consultation meetings and business missions, etc., serving nearly 8 000 people to help them explore opportunities in the GBA.

In addition, the GoGBA website and mobile app providing business policy and practical information about the GBA have so far recorded over 3 million views.

Meanwhile, HKTDC had organised and participated in various large-scale promotion events in the GBA and other regions to continue to help Hong Kong enterprises grasp opportunities in the Mainland market. For instance, 21 events were organised during the Hong Kong-Guangdong Cooperation Week from 24 May to 7 June 2023, including SmartHK in Guangzhou that showcased the strengths of Hong Kong in professional services and innovation and technology (I&T); and Chic HK in Shenzhen that promoted quality brands and unique designs from Hong Kong. HKTDC also set up Hong Kong pavilions and organised Hong Kong enterprises to participate in Mainland exhibitions to promote Hong Kong products and professional services, such as the China International Consumer Products Expo in Haikou (Hainan) in April 2023, the China International Import Expo in Shanghai and the China Hi-Tech Fair in Shenzhen in November 2023.

Furthermore, under the 3 year-long Support Scheme for Pursuing Development in the Mainland starting from 2022-23, HKTDC had organised more than 270 events of different types having regard to the situation and needs of Hong Kong enterprises on the Mainland, including introduction and briefing of policies, online and offline seminars, business forums, etc., with more than 21 000 Hong Kong enterprise representatives and professionals participated so far. These activities could help deepen their understanding of the Mainland's policies and market developments, as well as broaden their Mainland network so as to extend their business from major cities to neighboring provinces or cities.

Apart from continuing the above services and scheme as well as actively participating in key Mainland exhibitions, in 2024-25, HKTDC will:

- set up a new "GBA Business Support Centre" at the Futian high-speed railway station in the second quarter of 2024;

- launch version 2.0 of GoGBA in the third quarter of 2024 to provide more comprehensive support for those Hong Kong enterprises which intend to enter into the GBA market, including a five-in-one support plan comprising seminars, small-group advisory sessions, one-on-one consultations, GBA business missions and industry information kits;

- organise a GBA mission in the third quarter of 2024 to connect with Mainland I&T enterprises and related service providers; and

- stage SmartHK, a flagship promotion activity, in Nanjing within 2024 to strengthen collaboration between Hong Kong and Jiangsu Province in various areas such as trade, I&T, green enterprises as well as cultural and creative industries, and to promote cooperation of Hong Kong start-ups and technology companies with Jiangsu in research and development and manufacturing through business matching and pitching, etc.

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

- End -

Examination of Estimates of Expenditure 2024-25 — Reply Serial No.

CEDB067

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0820)

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:

The Financial Secretary has mentioned in paragraph 161 of the Budget Speech that "We are planning for the establishment of a World Intellectual Property Organisation (WIPO) Technology and Innovation Support Centre (TISC) in Hong Kong to enable our integration into the country's TISC network. The TISC will focus on providing specialised services such as patent search and analysis for the protection of scientific research results and enhanced support to the I&T sector, while promoting IP trading at the same time. The TISC also helps nurture local I&T talent well versed in patent knowledge. In this regard, I have set aside $45 million to support the Hong Kong Productivity Council in establishing and operating the TISC. It is anticipated that the TISC will commence operation by 2025 the earliest." What is the breakdown of the expenditure of $45 million earmarked for the establishment and operation of the TISC? What are the manpower and emoluments involved each year? What are the specific work plan, timetable and key performance indicators?

Asked by: Hon NG Kit-chong, Johnny (LegCo internal reference no.: 11)

Reply:

Under the World Intellectual Property Organization (WIPO) Technology and Innovation Support Centre (TISC) dedicated programme, WIPO will support participating member states to establish TISCs which serve to provide consultation services to researchers and innovators with a wide range of information including patent utilisation, search analysis, technology transfer, intellectual property (IP) management and commercialisation, etc.. The TISC can support researchers and innovators at different stages of the innovation cycle, helping them make use of the IP system (especially by means of patents) to protect their inventions and guiding them to bring the technology to market.

More than 100 TISCs have been established in the Mainland under this dedicated programme. We will respond positively by making a recommendation to the China National Intellectual

Property Administration (CNIPA) for establishing a TISC in Hong Kong, thus enabling Hong Kong to better integrate into overall national development.

The establishment of TISC requires the approval of WIPO and CNIPA. During this year, the Intellectual Property Department (IPD) will liaise closely with CNIPA and the Hong Kong Productivity Council (HKPC) so as to let the HKPC commence the preparatory work in accordance with the prevailing implementation procedures on establishing TISC promulgated by CNIPA. Upon the evaluation and granting of the WIPO TISC status by WIPO and CNIPA, it is anticipated that Hong Kong's TISC will commence operation by 2025 the earliest.

The IPD has conducted preliminary discussions with the HKPC on the resources required for the establishment and operation of the TISC in the first 3 years. The Government's commitment to the project for the 5 financial years from 2024-25 to 2028-29 is approximately $45 million according to current estimates. The funding is reserved for the various expenses for the establishment and operation of the TISC, including salaries, rent, office equipment, infrastructure building (including development of information technology systems and websites, connection to databases, etc.), consultancy fees and other administrative expenses. The IPD will further discuss with the HKPC in order to prepare the recommendation documents, as well as to formulate and finalise the overall work plan and detailed implementation arrangements, including the manpower involved, detailed service content, resources borne by the HKPC, timetable for the establishment and key performance indicators, etc.

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB068

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0048)

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:

Under Programme (2), the Commerce and Economic Development Bureau will conduct in-depth research and make recommendations for the development of silver economy. When is the research work expected to be completed? What are the manpower and expenditures involved this year and for the coming year? The Hong Kong Trade Development Council has taken the lead to incorporate "silver economy" elements into more exhibitions to enhance the promotion of relevant products and services. What are the expenditures and manpower involved this year and for the coming year? Has the Bureau conducted any evaluations on the effectiveness of such efforts? If yes, what are the details?

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

Reply:

The Government established the Advisory Panel on Silver Economy and convened its first meeting to conduct research on the market demand and development of the "silver economy" in February this year. Chaired by the Secretary for Commerce and Economic Development, the Advisory Panel comprises experts of different fields to research into the business potential of the "silver economy", and aims to, through promoting economic activities related to products and services for the elderly, unleash the business potential of the elderly market, and better meet the aspirations and needs of the elderly.

The Advisory Panel will focus on how to facilitate the market development of products and services catering for the elderly population and offer recommendations in one year's time. Meanwhile, the Hong Kong Trade Development Council will incorporate "silver economy" elements into more exhibitions. The relevant work has been included in the overall estimated expenditure and manpower resources of the Commerce and Economic Development Bureau, and cannot be quantified separately. We will closely follow up on the work of the "silver economy" and brief the relevant panel of the Legislative Council in due course.

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB069

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0049)

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:

According to Programme (2), the Commerce and Economic Development Bureau will co-ordinate through Hong Kong Trade Development Council the participation of Hong Kong enterprises in the sixth China International Import Expo (CIIE) in Shanghai this year, and will continue to co-ordinate Hong Kong's participation in the CIIE next year, to promote Hong Kong products and services to the Mainland market as well as to introduce Hong Kong's role as a gateway under the national "dual circulation" strategy. In the coming year, will the Government discuss with the Central Government in securing authorisation for national-level trade fairs on high-end consumer products and imports to the Mainland market to be staged in Hong Kong, so as to attract importers from various Mainland provinces and municipalities, especially those from the Greater Bay Area? If yes, what are the details? What are the manpower and expenditure involved?

Asked by: Hon NG Wing-ka, Jimmy (LegCo internal reference no.: 4)

Reply:

As an international business as well as a convention and exhibition hub, Hong Kong hosts large-scale international exhibitions of different products every year to connect exhibitors and buyers from Hong Kong, the Mainland and other places around the world, as well as promote and publicise local, Mainland and overseas brands. Some of the exhibitions are the largest sourcing platforms in Asia or even in the world for the trades concerned, including electronics, jewellery, gifts, watches and clocks, lighting, etc. Taking the exhibitions of the Hong Kong Trade Development Council (HKTDC) as an example, in 2023-24, HKTDC hosted 27 international trade fairs in Hong Kong that attracted over 24 000 exhibitors and over 500 000 buyers from around the world, including over 190 000 buyers from the Mainland. This can fully demonstrate that the international exhibitions held in Hong Kong have already become one of the major sourcing platforms for Mainland enterprises, and can help Hong Kong and overseas enterprises tap into the enormous domestic sales market of the Mainland.

The Government will continue to consolidate and enhance the pre-eminent position of Hong Kong as a hub for the international conference and exhibition industry, and at the same time actively participate in major exhibitions held on the Mainland, including the annual China International Import Expo in Shanghai, and organise Hong Kong enterprises' participation for promoting quality Hong Kong products and services to Mainland buyers and consumers.

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB070

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0052)

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:

Under Programme (2), the Commerce and Economic Bureau will work with the Hong Kong Trade Development Council (TDC) next year to promote the awareness of Hong Kong brands for developing the national domestic sales market. What are the manpower and expenditure involved? Will the Government go one step further, such as entrusting the TDC or chambers of commerce to approach major Mainland and international e-commerce operators, and setting up a permanent "Hong Kong Market" zone on e-commerce platforms with reference to the "shop-in-shop" concept so as to assist Hong Kong businesses, especially small and medium enterprises, in establishing regular online shopping and promotion channels? If yes, what are the details?

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

Reply:

The Hong Kong Shopping Festival, to be organised on electronic commerce (e-commerce) platforms by the Commerce and Economic Development Bureau (CEDB) through the Hong Kong Trade Development Council (HKTDC), will be held in the third quarter of 2024 to enable small and medium enterprises (SMEs) to leverage the advantages of "high traffic flow" and "massive customer base" of these platforms to promote awareness of Hong Kong brands for developing the Mainland domestic sales market. HKTDC is liaising with different e-commerce and social media platforms with high volume of user traffic for the preparation, and will actively encourage and promote Hong Kong enterprises and brands to participate in the Hong Kong Shopping Festival.

The manpower and expenditure of CEDB and HKTDC for organising the Hong Kong Shopping Festival have been subsumed under the respective overall establishment and estimated expenditure, and cannot be quantified separately.

HKTDC's Design Gallery started its e-commerce business in 2010 and has set up online stores on 2 major Mainland e-commerce platforms to provide Hong Kong enterprises with online channels for the promotion and sale of products. Since 2022, Design Gallery has been assisting SMEs selling different products in tapping into the Mainland domestic sales market in a more convenient and efficient manner through the "collect products in Hong Kong, settle payment in Hong Kong" cross-boundary e-commerce mode. At the same time, HKTDC organises seminars, in collaboration with major Mainland e-commerce platforms, on leveraging e-commerce to explore the Guangdong-Hong Kong-Macao Greater Bay Area market with a view to equipping SMEs for developing e-commerce businesses.

HKTDC also organises different activities, including leading a business mission to Hangzhou in November 2023 to deepen Hong Kong enterprises' understanding of e-commerce development on the Mainland; and engaging a major Mainland social media platform to introduce e-commerce promotional plans and marketing strategies in January 2024 to assist Hong Kong brands in further developing the Mainland domestic sales market with the use of social media to support their e-commerce business.

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB071

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0087)

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:

Under Programme (2), the Commerce and Economic Development Bureau will continue to strengthen support to small and medium enterprises in capacity building, with a view to enhancing their competitiveness. At present, quite a number of Hong Kong enterprises which have set up factories in the Mainland are striving for industrial upgrading and business transformation. Will the Government follow the example of the Central Government of providing cross-boundary fund remittance for research activities in Hong Kong, and extend the existing support measures for local industries and businesses to cover industries outside Hong Kong? If so, what are the details and the estimated expenditure involved? If not, what are the reasons?

Asked by: Hon NG Wing-ka, Jimmy (LegCo internal reference no.: 10)

Reply:

The Government has been assisting enterprises in exploring the Mainland and overseas markets through various funding schemes. The support measures for the industrial sector not only assist enterprises in developing brands and upgrading and transforming in Hong Kong, but also extend to cover their developments outside Hong Kong. For example, the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) provides funding support for Hong Kong enterprises to develop business, through upgrading, transforming and enhancing their competitiveness, in a total of 39 economies with which Hong Kong has signed free trade agreements and/or investment promotion and protection agreements (including the Mainland), covering Hong Kong's major trading partners and emerging markets. Enterprises can make use of the funding of the BUD Fund to set up production lines, procure or lease machinery and equipment, conduct publicity and promotional activities, as well as develop their own brands in these markets. Since the launch of the BUD Fund in 2012 to end February 2024, over $4.55 billion of funding has been approved, benefitting over 5 100 enterprises, about 40% of which engaged in the manufacturing sector.

The Financial Secretary announced in the 2024-25 Budget the further injection of $500 million into the BUD Fund, thereby increasing its total commitment to $7 billion, to continue providing support for small and medium enterprises.

The estimated expenditure of the BUD Fund in 2024-25 is $1.195 billion, including manpower and other fees provided to the Hong Kong Productivity Council as the Programme Secretariat for implementing the BUD Fund, as well as disbursements to grantees.

- End -

Reply Serial No.

CEDB072

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0088)

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:

According to Programme (2), the Commerce and Economic Development Bureau will continue to plan for new convention and exhibition (C&E) facilities in the coming year to maintain and consolidate the international status of Hong Kong's C&E industry. What are the latest timetables for the construction of phase two of the AsiaWorld-Expo and new C&E facilities in Wan Chai North? Is there any delay in the construction works? If yes, what are the details? And what are the reasons for the delay? The Government published the consultancy study report on the Demand Study for New Convention and Exhibition Facilities in Hong Kong in 2015. As it has been 9 years since the publishing of the report, will the Government conduct a study on the demand for the C&E facilities of Hong Kong in respect of the latest development of the C&E industry? If so, what are the details? And what are the manpower and expenditure to be involved respectively? If not, what are the reasons?

Asked by: Hon NG Wing-ka, Jimmy (LegCo internal reference no.: 11)

Reply:

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

In Wan Chai North, we will redevelop the sites of the Wan Chai Government Offices Compound (WCGOC), Gloucester Road Garden and the Kong Wan Fire Station into C&E facilities, hotel and Grade A offices. After the redevelopment, there will be an additional 30 000 square metres of rentable C&E spaces. We anticipate that the construction works of all replacement building projects under the WCGOC relocation exercise will be completed by 2026, while the reprovisioning of the Kong Wan Fire Station will be completed by 2027. We will take forward the Wan Chai North Redevelopment project after the sites have been vacated. We estimate that the Wan Chai North Redevelopment project will be completed in 2034 at the earliest.

Meanwhile, the Hong Kong Airport Authority (HKAA) has conducted a consultancy study on the AsiaWorld-Expo (AWE) phase 2 expansion, and will invest in the expansion project. According to the preliminary design, the phase 2 expansion of AWE will provide an additional 33 600 square metres of rentable C&E spaces and a multi-purpose indoor arena with a seating capacity of over 20 000 people, providing a venue for large-scale international C&E, entertainment and sports events. The Government is reviewing the follow-up arrangement of the North Lantau Hospital Hong Kong Infection Control Centre and will vacate the site at an appropriate time for HKAA to commence the expansion works.

As the pandemic eases, we are pleased to see that the recovery progress of the C&E industry is better than expected and is returning to 70% to 80% of pre-pandemic levels. However, we need more time to observe and accurately assess the exact demands for C&E facilities in the future, having regard to the development trend of the global C&E industry and the changes in the development of the C&E industry after the pandemic, such as the change in venue demand where events are being held in a hybrid mode. In the longer term, we consider that there will still be a substantial demand for C&E facilities. As such, we will proactively expand the C&E space in Wan Chai North and on the Airport Island, and liaise closely with the C&E industry, to grasp the latest development in the industry and explore the possibility of further expanding our C&E facilities.

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB073

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0089)

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:

According to Programme 2, the Commerce and Economic Development Bureau (CEDB) will seek early accession to the Regional Comprehensive Economic Partnership (RCEP) next year. It has been reported earlier that a number of overseas HongKonger organisations have initiated a joint signature campaign to maliciously smear the human rights situation in Hong Kong, and have made false claims that Hong Kong has become a smuggling hub for China to circumvent the United States ban on the import of semiconductors and emerging technologies. This was done with the aim of appealing to seven of RCEP member states, namely Australia, Indonesia, Japan, South Korea, Malaysia, New Zealand and the Philippines, to oppose Hong Kong's accession to the RCEP. What countermeasures have the Government taken? Has the Government clarified the above erroneous remarks to the relevant countries? If so, what are the manpower and expenditure involved? Earlier on, the CEDB expected that Hong Kong would officially join the RCEP this year. Can it announce the latest progress?

Asked by: Hon NG Wing-ka, Jimmy (LegCo internal reference no.: 12)

Reply:

Upon the entry into force of the Regional Comprehensive Economic Partnership (RCEP) [Note] on 1 January 2022, the HKSAR Government has immediately submitted Hong Kong's formal accession request, and actively made use of various regional fora and at different levels and occasions to reiterate Hong Kong's keen interest in joining RCEP. Responses have been positive. For example, in July 2023, the Chief Executive personally led a high-level delegation to the ASEAN, visiting Singapore, Indonesia and Malaysia. He met with the leaders of these three countries and had exchanges with the Secretary-General of ASEAN and local business leaders, with an aim to showing appreciation for ASEAN's steadfast support for Hong Kong's accession to RCEP. Thereafter, the Secretary for Commerce and Economic Development (SCED) co-chaired with the Indonesian Minister of Trade the 7th ASEAN Economic Ministers (AEM)-Hong Kong, China Consultation in August 2023 in

Indonesia. At the meeting, AEM noted the value and important contributions that Hong Kong would bring upon its prospective accession to RCEP, and positively welcomed Hong Kong's accession request. In addition, in January 2024, the Trade and Industry Department (TID), in conjunction with Invest Hong Kong and the Hong Kong Trade Development Council, organised a luncheon with the theme of fostering trade and economic ties between Hong Kong and ASEAN. SCED attended and chaired the proceedings. Over 100 guests from the public and business sectors were in attendance, including the Consuls-General of RCEP members, representatives of their chambers of commerce and local chambers. The attendees expressed support for Hong Kong's early accession to RCEP in order to further drive regional trade and economic development. Concurrently, TID and relevant overseas Hong Kong Economic and Trade Offices (ETOs) have continued to maintain close liaison with the trade and economic departments of RCEP members to foster favourable conditions for the early accession of Hong Kong to RCEP.

According to the understanding of the HKSAR Government, RCEP members have yet to conclude their discussions on the accession procedures for new members. The HKSAR Government will continue to seek early commencement of negotiations and discussions with RCEP member economies and strive to forge consensus from various sectors in supporting Hong Kong's accession to RCEP.

Apart from conducting liaison work relevant to RCEP, ETOs also regularly provide stakeholders in countries/places under their purview with the latest information on Hong Kong through newsletters and social media, and conduct direct dialogues with various local stakeholders, meet with the media, and take the initiative to publish articles to rebut biased reports to set the record straight. We will continue to outline the latest and genuine situation of Hong Kong to various liaison targets, such that all individuals may have a more holistic understanding of the situation on the ground in Hong Kong.

As the above work is conducted with the existing manpower and is a part of the regular duties of the Commerce and Economic Development Bureau, TID and the respective ETOs, the expenditure has been subsumed under the overall estimated expenditure and cannot be quantified separately.

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

- End -

CEDB074

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0101)

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:

According to Programme (2), the Commerce and Economic Development Bureau will work with the Trade and Industry Department and the Hong Kong Productivity Council to implement the enhanced Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) to support Hong Kong enterprises in developing their brands, upgrading and restructuring their operations and promoting sales on the Mainland and other free trade agreements or investment promotion and protection agreements markets, and taking forward e-commerce projects on the Mainland under the new "E-commerce Easy". In this connection, when is the "E-commerce Easy" expected to be launched? Will additional manpower be provided for processing the applications in the coming year? If yes, what are the manpower and expenditure involved? How many applications have been received under the BUD fund this year and, among them, how many have been approved, are being processed and are unsuccessful? What is the average funding amount for each successful application? Will the Government consider expanding the funding scope of the BUD Fund to cover different parts of the world? If yes, what are the details? If not, what are the reasons?

Asked by: Hon NG Wing-ka, Jimmy (LegCo internal reference no.: 22)

Reply:

The Financial Secretary announced in the 2024-25 Budget the further injection of $500 million into the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund), thereby increasing its total commitment to $7 billion, for sustaining its operation and introducing "E-commerce Easy". We expect that "E-commerce Easy" will be launched in July 2024, which enables SMEs to make use of the $1 million funding ceiling of a single project flexibly for implementing electronic commerce (e-commerce) projects on the Mainland within the cumulative funding ceiling of $7 million per enterprise. The project measures that could be funded will include the establishment of online stores and placement of advertisements on third-party online sales platforms, and the incorporation of online payment options on the websites of enterprises, etc.

The manpower and expenditure of the Commerce and Economic Development Bureau and the Trade and Industry Department for implementing the BUD Fund (including "E-commerce Easy") have been subsumed under the respective overall establishment and estimated expenditure, and cannot be quantified separately. The estimated expenditure of the BUD Fund (including "E-commerce Easy") in 2024-25 is $1.195 billion, including the manpower and other fees provided to the Hong Kong Productivity Council as the Programme Secretariat for implementing the BUD Fund, as well as disbursements to grantees.

In 2023, a total of 4 739 applications were received under the BUD Fund. Excluding applications that could not be processed owing to incomplete information and those withdrawn voluntarily by enterprises afterwards, as at end February 2024, the figures of the applications that have been processed and under processing are as follows –

(A)	Number of applications that have been processed	1 898
	• Number of applications approved (average funding amount)	1 236 ($627,000)
	• Number of applications approved with conditions	351 Note 1
	• Number of applications rejected	311
(B)	Number of applications under processing	1 320 Note 2

Note 1: The final approval of the applications and the respective funding amounts to be granted are subject to the submission of further information by the applicant enterprises.
Note 2: Applications received may not be processed in the same year.

The Government has launched several rounds of enhancements to the BUD Fund since August 2018, including increasing the cumulative funding ceiling per enterprise and expanding its geographical coverage, to strengthen the support for Hong Kong enterprises to develop more diversified markets and enhance their competitiveness. Following the current-term Government's signing of investment promotion and protection agreements (IPPAs) with Türkiye and Bahrain in end October 2023 and early March 2024 respectively, the current geographical coverage of the BUD Fund has been extended to 39 economies with which Hong Kong has signed free trade agreements (FTAs) and/or IPPAs. The geographical coverage of the BUD Fund will be further expanded as Hong Kong signs more FTAs or IPPAs in the future.

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB075

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0102)

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:

Under Programme (2), the Commerce and Economic Development Bureau will continue to work with the Trade and Industry Department to implement the enhanced SME Export Marketing Fund (EMF) in the coming year to support Hong Kong enterprises in exploring the Mainland, overseas and local markets. How many applications have been received this year? How many of them have been approved, are being under process or have been rejected? What are the manpower and expenditure involved for processing the applications? What is the average time taken to process each application? What is the average amount of funding provided for each successful application? With the expected increase in the number of applications under the enhanced scheme, has the Government increased the manpower for processing the applications? Will the funding ceiling per enterprise under the EMF be further raised in the coming year and will a "revolving approval" mechanism be introduced to allow enterprises which have already used up their maximum amount of funding to be eligible for re-application? If so, what are the details; if not, what are the reasons?

Asked by: Hon NG Wing-ka, Jimmy (LegCo internal reference no.: 23)

Reply:

The implementation of the SME Export Marketing Fund (EMF) in 2023 is as follows:

Number of applications received [Note 1]	29 863
Number of applications approved	21 105
Number of applications rejected	4 320
Number of applications under processing [Note 2] (as at end December 2023)	12 664

Average amount of funding for applications approved ($)	27,855
Application processing time	Within 30 working days [Note 3]

Note 1: Applications received may not be processed in the same year. The figure covers applications that could not be processed owing to incomplete information and those withdrawn voluntarily by enterprises afterwards.
Note 2: The figure covers applications received in 2023 or before, the processing of which has not been completed.
Note 3: All applications could be processed within 30 working days by the Trade and Industry Department (TID), upon receiving all required documents and information.

Since the launch of the EMF in 2001 to end February 2024, over 57 000 enterprises have benefitted. The Government has launched several rounds of enhancements to the EMF since 2018, including gradually increasing the cumulative funding ceiling per enterprise from $200,000 to $1 million, to enable enterprises to conduct more promotion activities for exploring more business opportunities in markets outside Hong Kong. As at end February 2024, beneficiaries which used up the $1 million funding ceiling only accounted for less than 0.1% of all the beneficiaries. We therefore believe that the current funding ceiling of $1 million can meet the needs of most enterprises.

TID keeps on reviewing the implementation of the EMF to ensure its smooth operation, and duly deploys manpower to cope with the rising number of applications of the EMF. The implementation of the EMF is part of the regular duties of TID. The necessary staff establishment and expenditure are subsumed under TID's overall establishment and estimated expenditure, and cannot be quantified separately.

- End -

Reply Serial No.

CEDB076

CONTROLLING OFFICER'S REPLY

(Question Serial No. 3267)

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:

In 2024-25, the Commerce and Economic Development Bureau will continue to plan for new convention and exhibition (C&E) facilities to maintain and consolidate the international status of Hong Kong's C&E industry. In this connection, will the Government inform this Committee:

1. of the existing C&E facilities in Hong Kong and their respective areas available for holding C&E events;

2. whether there are specific plans with respect to planning for new C&E facilities, covering details such as the locations, areas available for holding C&E events, commissioning timelines and estimated expenditures involved; and

3. whether studies and comparisons have been conducted on the supply of C&E facilities in nearby regions; if so, of the details; if not, the reasons for that?

Asked by: Hon SHIU Ka-fai (LegCo internal reference no.: 43)

Reply:

There are currently two major dedicated convention and exhibition (C&E) venues in Hong Kong, namely the Hong Kong Convention and Exhibition Centre in Wan Chai North and the AsiaWorld-Expo (AWE) on the Airport Island, providing rentable spaces of 91 500 square metres and 66 400 square metres respectively.

The Government is proceeding with the expansion of C&E facilities in Wan Chai North and on the Airport Island.

In Wan Chai North, we will redevelop the sites of the Wan Chai Government Offices Compound (WCGOC), Gloucester Road Garden and the Kong Wan Fire Station into C&E

facilities, hotel and Grade A offices. After the redevelopment, there will be an additional 30 000 square metres of rentable C&E spaces. The Government anticipates that the construction works of all replacement building projects under the WCGOC relocation exercise will be completed by 2026, while the reprovisioning of the Kong Wan Fire Station will be completed by 2027. We will take forward the Wan Chai North Redevelopment project after the sites have been vacated. We estimate that the Wan Chai North Redevelopment project will be completed in 2034 at the earliest.

Meanwhile, the Hong Kong Airport Authority (HKAA) has conducted a consultancy study on the AWE phase 2 expansion, and will invest in the expansion project. According to the preliminary design, the phase 2 expansion of AWE will provide an additional 33 600 square metres of rentable C&E spaces and a multi-purpose indoor arena with a seating capacity of over 20 000 people, providing a venue for large-scale international C&E, entertainment and sports events. The Government is reviewing the follow-up arrangement of the North Lantau Hospital Hong Kong Infection Control Centre and will vacate the site at an appropriate time for HKAA to commence the expansion works.

The Government has been paying close attention to the development of Meetings, Incentive Travels, Conventions and Exhibition in neighbouring regions, and has been adjusting its strategies in a timely manner as well as actively consolidating and enhancing the competitiveness of Hong Kong's C&E industry. In recent years, neighbouring regions have been allocating resources to expand their C&E spaces. The Government is thus proactively taking forward the C&E facilities expansion projects in Wan Chai North and on the Airport Island, so as to maintain Hong Kong's competitiveness in the C&E industry.

- End -

Reply Serial No.

CEDB077

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0178)

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:

In paragraph 50 of the Budget Speech, it is mentioned that to assist small and medium enterprises (SMEs) in tackling their capital-flow problems, the Government will extend the application period for the 80% and 90% Guarantee Products under the SME Financing Guarantee Scheme (SFGS) for 2 years to the end of March 2026. The total guaranteed commitment under the scheme will increase further by $10 billion. In this connection, will the Government inform this Committee:

1. in respect of the SMEs which have obtained financing from the 80% and 90% Guarantee Products under the SFGS in the past 3 years, of (i) the total number of applications approved; (ii) the total amount of loans approved; and (iii) the beneficiary sectors?

2. whether it has assessed the number of SMEs which will benefit with the further increase in the total guaranteed commitment by $10 billion?

Asked by: Hon SO Cheung-wing (LegCo internal reference no.: 4)

Reply:

The figures of the applications of the 80% and 90% Guarantee Products of the SME Financing Guarantee Scheme (SFGS) from January 2021 to December 2023 are as follows:

	80% Guarantee Product	**90% Guarantee Product**
Number of Applications Approved	6 045	8 136
Total Loan Amount of Approved Applications ($)	28.87 billion	15.37 billion

	80% Guarantee Product	90% Guarantee Product
Number of Approved Applications by Beneficiary Sectors		
• Trading, Wholesale and Retail	3 384	4 356
• Engineering and Construction	569	856
• Manufacturing	451	296
• Others (e.g. Catering, Transportation)	1 641	2 628

The Financial Secretary announced in the 2024-25 Budget the extension of the application period for the 80% and 90% Guarantee Products under the SFGS for two years to end March 2026. The number of beneficiary enterprises is subject to the overall economic environment and the financing needs of individual enterprises. The Government and HKMC Insurance Limited, which is responsible for administering and managing the SFGS, will continue to closely monitor the situation.

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB078

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1888)

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:

It is mentioned in paragraph 157 of the Budget Speech that "The Belt and Road (B&R) Initiative promulgated by our country has entered its second golden decade. Hong Kong will continue to give full play to its role as a functional platform for the B&R. To this end, we will actively participate in and contribute to fostering high-quality development, especially in green development as well as innovation and technology." In connection with the efforts of pressing ahead with the B&R Initiative, will the Government inform this Committee of the following:

1. The Belt and Road Office was established in 2016. What were its staff establishment and expenditure over the past year? Will there be any increase or decrease in the staff establishment and estimated expenditure this year to support Hong Kong in seizing the opportunities arising from the B&R Initiative?

2. What are the resources and provision earmarked for launching the first "Belt and Road Festival"? What are the specific scale, details of activities and planned implementation timetable of the Festival?

3. What are the resources and provision earmarked for organising outbound missions to the B&R countries this year? Which countries will be visited initially?

4. It is mentioned in the paragraph on "Multinational Supply Chain Management" that "the Hong Kong Trade Development Council (HKTDC) has been providing various services through different schemes covering business operations, production and supply chain solutions, market information and other consulting services. All this helps to support Mainland enterprises based in Hong Kong to establish a foothold in the B&R Initiative countries". What are the Government's specific work and measures in the future to proactively assist the Mainland enterprises in Hong Kong to establish foothold in the B&R countries?

5. Last year, President XI Jinping announced eight major steps China would take to support high-quality B&R co-operation. One of the initiatives was to establish a pilot zone for "Silk Road e-commerce" co-operation. How will the Government assist the commercial and industrial sectors to seize the enormous opportunities brought about by the "Silk Road e-commerce"?

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

Reply:

The Commerce and Economic Development Bureau (CEDB) will organise the 9th Belt and Road Summit on 11-12 September 2024, and will launch the new "Belt and Road Festival" in September this year, with a view to furthering Hong Kong's collaboration with Belt and Road (B&R) countries in a wide range of areas including trade and investment, technology, arts and culture, talent exchanges, etc., to act as an important bridge to showcase achievements of people-to-people exchanges and promote people and cultural exchanges and collaboration. The Belt and Road Office (BRO) of the CEDB has already discussed with various stakeholders in the community, including Consul Generals in Hong Kong, chambers of commerce, as well as culture, tourism, education, professional and youth organisations and public bodies such as the Hong Kong Jockey Club and the West Kowloon Cultural District Authority.

In the coming year, the BRO will organise a number of outbound missions, including a joint mission with the Ministry of Commerce, to explore new B&R market opportunities together with Mainland enterprises, as well as to assist Hong Kong enterprises and professionals to tap more overseas business opportunities.

Furthermore, the BRO plans to join hands with the Office for Attracting Strategic Enterprises, Invest Hong Kong and the Hong Kong Talent Engage, etc., to organise small-scale missions to the Association of Southeast Asian Nations (ASEAN) countries, among other places, with specific sectors of professional services invited as fit, to further cultivate these B&R markets. The BRO also plans to continue to organise visits for enterprises of B&R countries in Hong Kong to visit the Mainland using Hong Kong as the service base.

In 2023-24, the BRO had an establishment of 19 and the overall estimated expenditure was about $37.44 million. In 2024-25, the establishment of BRO will remain unchanged and the estimated overall expenditure will be about $39.17 million. The expenditure for the above-mentioned various measures has been subsumed under the overall estimated expenditure, and cannot be quantified separately.

The Hong Kong Trade Development Council (HKTDC) has proactively promoted Hong Kong's strengths and opportunities to the business sector on the Mainland and overseas to reinforce Hong Kong's status as a global business hub, through diversified outreach activities, large-scale exhibitions and conferences, as well as information platforms and support programmes.

The HKTDC leverages its extensive global network of 50 offices to organise business missions and outreach activities, including missions to ASEAN countries and leading

Hong Kong delegations to participate in trade fairs in ASEAN markets. Besides, the Government and the HKTDC will co-organise large-scale international conferences, such as the Belt and Road Summit and the Asian Logistics, Maritime and Aviation Conference. These events and conferences can foster Hong Kong's development in such aspects as infrastructure investment, professional services, supply chain management, shipping and logistics, as well as sustainable development, and promote the supply chain collaboration between Hong Kong and B&R countries.

In view of the vibrant development of the Mainland electronic commerce (e-commerce) market as well as the vast opportunities of the domestic sales market, it was announced in the 2023 Policy Address that the CEDB would establish the interdepartmental E-commerce Development Task Force (Task Force). The Task Force has been established in January 2024 to explore the areas related to e-commerce development, the impact of e-commerce on the economy as well as the development trends on the Mainland and other overseas e-commerce markets and to co-ordinate and implement policies and measures on e-commerce development, with a view to assisting small and medium enterprises (SMEs) in conducting e-commerce business to expand their markets. The Government will implement a series of measures in 2024, including planning to organise the Hong Kong Shopping Festival on e-commerce platforms in the third quarter; launching "E-commerce Easy" under the Dedicated Fund on Branding, Upgrading and Domestic Sales" in July so that enterprises can make use of $1 million flexibly for the implementation of e-commerce projects within the cumulative funding ceiling of $7 million for developing the Mainland market; and strengthening the provision of information by the 4 SME centres on conducting e-commerce business on the Mainland market, with a view to enabling SMEs to leverage e-commerce to promote the brand awareness of Hong Kong products for developing the Mainland domestic sales market. The aforementioned measures aim to strengthen support for enterprises in developing e-commerce business on the Mainland market. The Task Force will further explore how to support enterprises in leveraging e-commerce to develop overseas markets.

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB079

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1889)

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:

As mentioned in paragraph 50 of the Budget Speech, to assist small and medium enterprises (SMEs) in tackling their capital-flow problems, the Government will extend the application period for the 80% and 90% Guarantee Products under the SME Financing Guarantee Scheme (SFGS) for 2 years to the end of March 2026. The total guaranteed commitment under the Scheme will increase further by $10 billion. In this connection, will the Government inform this Committee of the following:

1. What are the respective numbers of applications, numbers of approved applications, and default rates of the 80% Guarantee Product, the 90% Guarantee Product and the Special 100% Loan Guarantee for the past year?

2. Some SMEs have reflected that their guarantee applications have been rejected without any solid reasons. Will the Government consider enhancing the relevant vetting mechanism for the 80% Guarantee Product and the 90% Guarantee Product, e.g. providing the applicants with clearer explanations on the rejection decisions and allowing the applicants to appeal against the rejection of their applications?

3. It was mentioned in paragraph 42 of the Budget Speech last year that the Government would, drawing on the experience in implementing the SFGS, offer fully guaranteed loans for eligible passenger transport operators and licensed travel agents. What are the numbers of applications received and approved for the past year?

4. The Government has announced earlier an orderly exit from the Pre-approved Principal Payment Holiday Scheme. In this regard, does the HKSAR Government have any short-term support measures to alleviate the financial pressure on SMEs arising from principal repayment and address their imminent needs?

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

Reply:

Having consulted the Culture, Sports and Tourism Bureau (CSTB) and the Hong Kong Monetary Authority (HKMA), our consolidated reply is as follows.
The application figures of the various guarantee products of the SME Financing Guarantee Scheme (SFGS) in 2023 are as follows:

	80% Guarantee Product	**90% Guarantee Product**	**Special 100% Guarantee Product**
Number of Applications Received	2 359	3 213	8 098
Number of Applications Approved	2 027	2 825	7 100
Total Loan Amount of Approved Applications ($)	8.62 billion	4.99 billion	23.86 billion
Cumulative Default Rate [Note]	4.2%	2%	6.8%

Note: 80%, 90% and Special 100% Guarantee Products were launched in 2012, 2019 and 2020 respectively. The cumulative default rates were the figures as at end February 2024.

The main reasons for not approving some applications under the SFGS are ineligibility or failure to provide sufficient documents of proof and, in some cases, owing to suspected involvement of illegal activities. If requested by an applicant enterprise, the lending institution and HKMC Insurance Limited (which is responsible for administering and managing the SFGS) will explain the reasons for not approving the application (e.g. lacking certain documents of proof), although it may not be possible to provide a specific explanation in certain situations (e.g. for suspicious cases that are subject to investigation).

The Dedicated 100% Loan Guarantee Scheme for Travel Sector (the Dedicated Scheme), under the purview of CSTB, was launched on 29 April 2023 to assist licensed travel agents and registered owners of local tour bus in resolving short-term funding difficulties for hiring staff as soon as practicable and accelerating ramming up of operation, etc., in keeping with the resumption of inbound and outbound tourism activities. The figures of the applications of the Dedicated Scheme as at end February 2024 are as follows:

	Licensed Travel Agents	**Local Tour Bus Operators/ Registered Owners**
Number of Applications Received	127	106
Number of Applications Approved	108	92

In response to the outbreak of the epidemic, HKMA and the Banking Sector SME Lending Coordination Mechanism (Mechanism) launched the Pre-approved Principal Payment Holiday Scheme (PPPH Scheme) in May 2020, covering around 120 000 eligible corporates. As the epidemic had passed and the participation rate had declined from 16% (19 000 corporates) of eligible enterprises at the outset to 1% (1 300 corporates), an orderly exit of the PPPH Scheme commenced at the end of July 2023, with the focus moving from tiding enterprises over the epidemic to facilitating their return to normal repayment. To this end, HKMA and the Mechanism further enhanced the partial principal repayment options so that corporates could, during the transition period from August to October 2023, opt for a repayment option that best suited their own circumstances. For enterprises financially unable to transition to partial principal repayment, banks would continue to offer principal moratorium on a case-by-case basis.

HKMA has called on banks to be sympathetic towards those enterprises which did not participate in the PPPH Scheme but are still facing cash flow pressure due to individual causes and handle the enterprises' financing needs in accordance with prudent risk-management principles. For example, banks can consider the partial principal repayment arrangement under the PPPH Scheme as a reference for providing suitable credit relief to these enterprise customers.

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB080

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1892)

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:

The Commerce and Economic Development Bureau has stated clearly in the "Matters Requiring Special Attention in 2024-25" under Programme 2 that the Administration will continue to work with Hong Kong Export Credit Insurance Corporation (HKECIC) to enhance credit insurance coverage for exporters through various support measures. In this connection, will the Administration inform this Committee of the following:

1. What are the number of insurance applications, number of cases insured and average maximum indemnity ratio for insured business involved in the Mainland China, the Association of Southeast Asian Nations (ASEAN) and the Middle East markets, and their percentage in the total insured business over the past 3 years?

2. In the 2023 Policy Address, it is mentioned that free credit check services for policyholders regarding buyers from the 10 ASEAN member states would be upgraded to give exporters more confidence in accepting overseas orders. What was the usage of the free credit check services regarding buyers from the 10 ASEAN member states up to March this year? Will the Administration consider extending the coverage of the free credit check services to emerging markets along the Belt and Road including the Middle East?

3. The HKECIC has collaborated with 5 local banks to launch a "risk-sharing arrangement on domestic sales in the Mainland", in order to enhance insurance coverage for Hong Kong exporters, with the aim to boost their confidence and strengthen their protection in expanding the domestic market. Has the Administration closely monitored and reviewed the effectiveness of the implementation of the "risk-sharing arrangement on domestic sales in the Mainland"? Will it consider increasing the number of partnering banks under the "risk-sharing arrangement on domestic sales in the Mainland"? Will it consider extending the coverage of the arrangement to include ASEAN markets?

4. I have all along recommended to the Government that the maximum indemnity ratio of the HKECIC should be increased by raising the credit limit from the current 90% to 95% to provide exporters in Hong Kong with better protection against risks and to be in line with other credit insurance products available in the market. In this regard, does the Government have any plans to adopt the suggestion with a view to enhancing credit insurance coverage for exporters?

5. Will the Administration consider strengthening co-operation with banks, financial institutes or insurance companies in the Mainland to provide more comprehensive credit risk assessment targeting Mainland buyers for Hong Kong enterprises, as a further step to enable Hong Kong enterprises to seize the opportunities brought about by the domestic and international dual circulation?

Asked by: Hon TAN Sunny (LegCo internal reference no.: 13)

Reply:

The Government has been liaising with the Hong Kong Export Credit Insurance Corporation (HKECIC) closely and formulated measures in response to the economic situation and market needs, so as to provide appropriate support to Hong Kong exporters. As Hong Kong returned to normalcy and the global economy gradually recovered, the Chief Executive announced in the 2023 Policy Address that HKECIC's statutory maximum liability would be increased from $55 billion to $80 billion, with a view to enhancing HKECIC's underwriting capabilities and entrenching market confidence. The Legislative Council passed the relevant motion on 17 January 2024.

In order to make good use of the increased statutory maximum liability, HKECIC is closely monitoring market needs and will proactively support, in a timely manner, local exporters to ride the momentum of economic recovery and explore overseas markets.

Over the past 3 years, the average highest indemnity ratio for cases in the Mainland, the Association of Southeast Asian Nations (ASEAN) and Middle East markets is 90%. The number of credit limit applications, number of credit limits approved, the total amount of insured business and their percentage of the total insured business are tabulated below:

Year	Region	Number of credit limit applications	Amount of credit limit application ($million)	Number of credit limit applications approved	Number of credit limit applications not approved	Amount of approved credit limit ($million)	Credit limit commitment ($million)	Percentage of total credit limit commitment
2023-24 (First eleven months)	Mainland	2,915	49,528	2,222	630	36,880	31,033	21.0%
	ASEAN	971	19,563	748	179	10,842	8,805	5.9%
	Middle East	619	3,958	522	97	2,984	1,934	1.3%
	Total of the aforementioned three markets	4,505	73,049	3,492	906	50,706	41,773	28.2%

Year	Region	Number of credit limit applications	Amount of credit limit application ($million)	Number of credit limit applications approved	Number of credit limit applications not approved	Amount of approved credit limit ($million)	Credit limit commitment ($million)	Percentage of total credit limit commitment
2022-23	Mainland	2,523	54,765	1,711	720	35,418	28,179	22.9%
	ASEAN	816	14,973	609	199	8,206	5,013	4.1%
	Middle East	403	2,063	294	100	514	522	0.4%
	Total of the aforementioned three markets	3,742	71,802	2,614	1,019	44,138	33,714	27.4%
2021-22	Mainland	2,517	60,619	1,525	903	30,499	25,932	24.5%
	ASEAN	679	13,508	483	181	5,381	3,550	3.4%
	Middle East	276	1,050	186	84	344	342	0.3%
	Total of the aforementioned three markets	3,472	75,177	2,194	1,168	36,224	29,825	28.2%

Since the launching of free credit check services with respect to buyers from the ten ASEAN member states (AMS) in October 2023, HKECIC has received applications from around 20 exporters as of 8 March 2024. In addition, HKECIC offers ten free buyer credit assessments to Hong Kong exporters who visit the Hong Kong Trade Development Council (HKTDC) information website on the Belt and Road, encompassing specified countries including the ten AMS. HKECIC also offers free buyer credit check services to Hong Kong exporters participating in selected HKTDC outbound missions, (e.g. Think Business, Think Hong Kong held in Thailand in July 2023 and Gifts & Lifestyle Middle East held in the United Arab Emirates in November 2023). HKECIC will continue to promote its free credit check services to policyholders and exporters, while seeking to continually enhance its understanding of buyers in ASEAN and countries along the Belt and Road, to assist exporters in expanding into developing markets.

HKECIC has been closely monitoring the progress and effectiveness of "Risk-Sharing Arrangement on Domestic Sales" (RSA) since its launch in July 2023. There were ongoing discussions with the five participating banks on means to further enhance the RSA, and HKECIC will proactively consider inviting other banks to join the RSA to further enhance HKECIC's underwriting capabilities on the Mainland. HKECIC will continue to discuss and liaise with participating banks, and consider the feasibility of expanding the RSA to the ASEAN market, on the basis of the credit information of ASEAN buyers that these banks possess.

The primary objective of establishing HKECIC is to fill the supply gaps in the market so as to support Hong Kong exporters to expand into overseas markets. Given that insurance companies on the market are already providing insurance services with indemnity ratio at 95%, we do not see a need for HKECIC to compete with the private market. HKECIC will continue to monitor the overall needs of Hong Kong exporters and, in accordance with the practical situation, adjust or launch effective measures to support the export sector.

The Mainland has always been one of HKECIC's major markets. As early as 2012, HKECIC had extended its coverage to subsidiaries controlled by Hong Kong exporters (i.e. those with over 50% of shares control) in various markets (including the Mainland), to include sales contracts signed between these subsidiaries and local or overseas buyers. Against the backdrop of the dual circulation strategy on the Mainland, Hong Kong exporters may make use of relevant extended coverage to explore the massive Mainland market and seize business opportunities.

To further expand into the Mainland market, HKECIC is exploring means to gain better access to credit information on Mainland buyers, including strategic cooperation with banking institutions and insurers on the Mainland. HKECIC is also discussing with credit agencies to understand the newest developments in data analysis. The discussions are in progress and details will be announced at an appropriate juncture.

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB081

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1895)

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:

It is stated in paragraphs 149 to 153 of the Budget that Hong Kong is to be developed into a multinational supply chain management centre. In this connection, will the Government inform this Committee of the following?

1. Apart from strengthening professional support services in the areas of consulting services, trade financing and corporate training, what specific measures and work plans does the Government have in the coming year to promote the development of a multinational supply chain management centre?

2. In order to strengthen Hong Kong's position as a multinational supply chain management centre, I consider it necessary to combine efforts from different areas and domains, including regional headquarters development, customs duties, trade, production, technology, financing, export credit insurance, product design, etc. and involving many bureaux such as the Commerce and Economic Development Bureau, the Financial Services and the Treasury Bureau, the Cultural, Sports and Tourism Bureau and a number of statutory bodies. In this connection, will the Government consider stepping up co-ordinated efforts in promoting the development of a multinational supply chain management centre by setting up task forces or working groups?

3. In order to consolidate and strengthen Hong Kong's position as a "multinational supply chain management centre", I suggest that more efforts should be made to attract Mainland enterprises to set up regional headquarters and supply chain management bases in Hong Kong, and Hong Kong should be positioned as the first gateway to the international market for Mainland brands and products, and leveraged as a bridge and platform for Mainland brands and products to enter the international market. In this connection, how will the Government co-ordinate its departments or units such as the Office for Attracting Strategic Enterprises and InvestHK to work collaboratively and proactively to attract more Mainland enterprises to set up supply chain management bases in Hong Kong?

Asked by: Hon TAN Sunny (LegCo internal reference no.: 25)

Reply:

The Financial Secretary announced in the 2024-25 Budget that, in line with the trend of Mainland manufacturing enterprises extending their production supply chains abroad, it is the goal of the Hong Kong Special Administrative Region Government to develop Hong Kong into a multinational supply chain management centre.

Under "One Country, Two Systems", Hong Kong has the distinctive advantages of enjoying strong support of the Motherland and being closely connected to the world, plays the important roles as a "super-connector" and a "super value-adder", and serves as a two-way springboard for attracting overseas enterprises and for Mainland enterprises to "go global". As a premier financial and commercial centre in the region, Hong Kong has the capacity to offer full-fledged and comprehensive professional support services to Mainland enterprises to meet their overseas business needs. Meanwhile, being one of the most competitive economies in the world, Hong Kong's institutional fundamentals and other core strengths (including a simple and low tax system; a favourable business environment; efficient and transparent markets; a regulatory regime in line with international rules; and free flow of goods and factors of production including talents, capital and information, etc.) make Hong Kong the only place in the world where the global advantage and the China advantage come together in a single economy, and is the best choice for Mainland manufacturing enterprises to set up headquarters for managing their offshore trading.

The following professional support services are of utmost importance to those Mainland enterprises seeking to "go global":

- Consulting services: The Hong Kong Trade Development Council has been providing various services through different schemes covering business operations, production and supply chain solutions, market information and other consulting services. All these help support Mainland enterprises based in Hong Kong to establish a foothold in countries along the Belt and Road;

- Trade financing: Mainland enterprises that have established in Hong Kong can also utilise various services provided by the Hong Kong Export Credit Insurance Corporation, including export credit insurance, surveys on buyers, and sharing of market updates to meet their business operation needs;

- Trade financing: The Commercial Data Interchange and Project mBridge launched earlier by the Hong Kong Monetary Authority allow enterprises to apply trade financing and cross-border settlement services at a lower cost and with higher efficiency; and

- Corporate training: In view that Hong Kong's business sector possesses rich knowledge and profound experience in managing multinational supply chains as well as handling compliance, labour protection, environmental protection and other requirements of overseas markets, we will facilitate collaboration between different organisations and industry stakeholders to provide environmental, social and corporate governance (ESG) training, etc. to Mainland enterprises seeking to expand their reach to overseas markets. This will help them build goodwill with business partners and expand their markets.

To attract Mainland manufacturing enterprises to establish in Hong Kong, the Commerce and Economic Development Bureau (CEDB), in coordination with “Team Hong Kong” organisations, including Invest Hong Kong (InvestHK), will strengthen the support work and work together to study implementation details, including establishing a single window to provide one-stop services for the enterprises.

InvestHK will proactively support the relevant work in the process of attracting Mainland manufacturing enterprises to set up headquarters for managing their offshore trading, by stepping up its efforts to promote various advantages of doing businesses in Hong Kong; and offering one-stop customised support services, from the planning to implementation stages. The Department will also actively pay attention to those enterprises’ needs (including financial and tax measures and land use, etc.) and reflect them accordingly to relevant policy bureaux or departments so as to suitably assist and further facilitate the enterprises in setting up headquarters for managing their offshore trading. At present, CEDB, InvestHK and “Team Hong Kong” organisations have commenced the relevant preparatory work with a view to setting specific work objectives and plans.

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB082

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1898)

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:

Under Programme (2) of Head 152, the Commerce and Economic Development Bureau established the E-commerce Development Task Force in 2023-24 to implement policies that assist small and medium enterprises (SMEs) in developing electronic commerce (e-commerce) business on the Mainland. In this connection, will the Government inform this Committee of the following:

1. What were the specific details and outcomes of the Government's work in promoting e-commerce in 2023-24?

2. What are the specific work plans and priorities of the Government for assisting SMEs in developing e-commerce business in 2024-25?

3. In the Budget, it was announced that "E-commerce Easy" would be launched under the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) to support enterprises in implementing e-commerce projects in the Mainland. In this regard, could the Government elaborate further on the specific details and arrangements for implementing "E-commerce Easy"?

4. Will the Government, by making reference to "BUD Easy", compress and streamline the application procedures and procurement restrictions of "E-commerce Easy" as far as possible in order to attract more SMEs to apply for the related funding scheme?

5. Will the Government study and consider extending the coverage of "E-commerce Easy" to the geographical scope under the BUD Fund FTA (Free Trade Agreement) and IPPA (Investment Promotion and Protection Agreement) Programme, including the 10 member states of the Association of Southeast Asian Nations (ASEAN)?

6. Under Programme (2), the Hong Kong Trade Development Council will launch Hong Kong Shopping Festivals on e-commerce platforms to promote the awareness of Hong Kong brands for developing the national domestic sales market. In this regard, what are the specific arrangements and estimated expenditure for holding Hong Kong Shopping Festivals?

7. Emerging markets such as the ASEAN present immense e-commerce opportunities for the textile and clothing industry. As such, I wish the Government could allocate additional resources to assist enterprises in developing cross-border business-to-consumer (B2C) e-commerce, including extending the scope of goods under the "green lane". Also, to help enterprises explore new ways of marketing, it is suggested that more resources should be provided for setting up live streaming studios which enterprises may rent for conducting live streaming e-commerce or making short video clips. In the coming year, what are the specific plans and measures of the Government for supporting enterprises in tapping into cross-border e-commerce business with a focus on emerging markets?

Asked by: Hon TAN Sunny (LegCo internal reference no.: 26)

Reply:

In view of the rapid development of electronic commerce (e-commerce) business worldwide, it was announced in the 2023 Policy Address that the Commerce and Economic Development Bureau (CEDB) would establish the interdepartmental E-commerce Development Task Force (Task Force). The Task Force was established in January 2024 and has convened its first meeting, aiming to explore the areas related to e-commerce development, the impact of e-commerce on the economy as well as the development trends in the Mainland and other overseas e-commerce markets, and to coordinate and implement policies and measures on e-commerce development, with a view to assisting small and medium enterprises (SMEs) in conducting e-commerce business to expand their markets. The Task Force also endorsed the establishment of an expert group, the members of which include Legislative Council Members from different sectors and representatives in the industry. The expert group offers advice to the Task Force and assists the Government in keeping abreast of the market situation of e-commerce development and feedback from the trade more comprehensively. The Government will implement a series of measures as set out below in 2024 to strengthen support for enterprises in developing e-commerce businesses in the Mainland market, and will explore later how to support enterprises in leveraging e-commerce to develop overseas markets.

- The Financial Secretary announced in the 2024-25 Budget the further injection of $500 million into the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund), thereby increasing its total commitment to $7 billion, for sustaining its operation and introducing "E-commerce Easy". We expect that "E-commerce Easy" will be launched in July 2024, which enables SMEs to make use of the $1 million funding ceiling of a single project flexibly for implementing e-commerce projects on the Mainland within the cumulative funding ceiling of $7 million per enterprise. The project measures that could be funded will include the establishment of online stores and placement of advertisements on third-party online sales platforms, and the incorporation of online payment option on the websites of enterprises, etc. Promotion through live streaming or short video clips in compliance with the prevailing guidelines, including the rental of facilities and equipment, is also within the funding scope.

To help enterprises formulate project plans under "E-commerce Easy" and submit applications, the Programme Secretariat of the BUD Fund (the Hong Kong Productivity Council (HKPC)) will set out on the website success stories of promoting domestic sales through e-commerce platforms on the Mainland, that were funded by the BUD Fund, as references for enterprises interested in making applications. HKPC will also roll out a simplified application form which will list the project measures that could be funded under "E-commerce Easy".

In addition, we have since June 2023 streamlined the procurement procedure requirements for approved projects under the BUD Fund, allowing enterprises to do away with submitting quotations for procurement items with values of $5,000 or below, so as to provide further facilitation to enterprises and lower their administrative cost. The relevant measure is also applicable to "E-commerce Easy".

We will review the relevant operational arrangements and experience after launching "E-commerce Easy", and will in due course expand its funding scope from the Mainland to also cover other economies with which Hong Kong has signed free trade agreements and/or investment promotion and protection agreements.

- The Hong Kong Shopping Festival, to be organised on e-commerce platforms by CEDB through the Hong Kong Trade Development Council (HKTDC), will be held in the third quarter of 2024 to enable SMEs to leverage the advantages of "high traffic flow" and "massive customer base" of these platforms to promote awareness of Hong Kong brands for developing the Mainland domestic sales market. HKTDC is liaising with different e-commerce and social media platforms with high volume of user traffic for the preparation, and will actively encourage and promote Hong Kong enterprises and brands to participate in the Hong Kong Shopping Festival.

  The manpower and expenditure of CEDB and HKTDC for organising the Hong Kong Shopping Festival have been subsumed under the respective overall establishment and estimated expenditure, and cannot be quantified separately.

- The "Support and Consultation Centre for Small and Medium Enterprises" (SUCCESS) under the Trade and Industry Department (TID) will take lead and co-operate with the other 3 SME centres, namely the "SME Centre" under HKTDC, the "SME One" under HKPC and the "TecONE" under the Hong Kong Science and Technology Parks Corporation, to strengthen the provision of information under "four-in-one" integrated services on conducting e-commerce business in the Mainland market, with a view to equipping enterprises to expand their businesses through leveraging e-commerce. From 2020 to end February 2024, a total of 52 webinars/physical seminars related to e-commerce were organised under the "four-in-one" seminar series and by SUCCESS under TID, attracting more than 5 700 participants in total. We expect that the 4 SME centres will organise over 10 webinars/physical seminars related to e-commerce in the first half of 2024.

- End -

Examination of Estimates of Expenditure 2024-25 | Reply Serial No.

CEDB083

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1899)

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:

The Support Scheme for Pursuing Development in the Mainland (the Support Scheme) was introduced in the 2022-23 Budget to allocate an additional funding of $45 million to the Hong Kong Trade and Development Council (TDC) each year between 2022-23 and 2024-25 (i.e. a total of $135 million in three years). In this connection, will the Administration inform this Committee of the following:

1. What activities were held under the Support Scheme in the past year to help Hong Kong businessmen better understand the business environment and market in the Mainland?

2. In the coming year, what are the specific work plans under the Supporting Scheme to assist Hong Kong businessmen and enterprises in expanding their businesses and commercial networks to different cities and regions?

3. Whether the Administration has formulated relevant work or key performance indicators for the implementation progress of the Support Scheme, so as to monitor its effectiveness?

4. As it is popular to utilise e-commerce platforms and live streaming for product promotion in the Mainland market, does the Administration have any plans to assist Hong Kong enterprises in setting up online stores and live streaming channels on e-commerce platforms? Will there be facilities and equipment available for small and medium enterprises to rent for live streaming and short video production? If so, what are the details? If not, what are the reasons?

Asked by: Hon TAN Sunny (LegCo internal reference no.: 14)

Reply:

Starting from 2022-23, the Hong Kong Trade Development Council (HKTDC), in collaboration with relevant Mainland organisations (including government departments, business associations, and youth and start-up organisations, etc.) and having regard to the situation and needs of Hong Kong enterprises on the Mainland, has been implementing the 3 year-long Support Scheme for Pursuing Development in the Mainland (the Scheme) to help Hong Kong enterprises on the Mainland understand the latest Mainland policies and measures, and grasp the market opportunities in different Mainland locations and industries for further business development.

Since the commencement of the Scheme and until end February 2024, HKTDC had organised more than 270 events of different types, including introduction and briefing of policies, online and offline seminars, business forums, visits to work sites and enterprises, thematic salons, etc., covering different sectors such as finance, innovation and technology, professional services, biomedicine, catering, environmental protection and cultural and creative industries, etc. More than 21 000 Hong Kong enterprise representatives and professionals had participated to deepen their understanding of the Mainland's policies and market developments, as well as broaden their Mainland network so as to extend their business from major cities to neighboring provinces or cities.

In 2024-25, HKTDC will continue to organise different types of activities for Hong Kong enterprises on the Mainland to understand the latest market trends and establish new business connections. The Scheme supports Hong Kong businessmen in exploring the Mainland market through a variety of channels, and the format of such activities has to factor in the needs of the market and the trades. As such, we have not set any specific performance indicator.

Regarding electronic commerce (e-commerce) platforms and live-streaming for product promotion, HKTDC has been actively encouraging Hong Kong businesses to engage in e-commerce through its Transformation Sandbox (T-box) business support programme and Digital Academy to provide comprehensive support to small and medium enterprises (SMEs) to learn and apply e-commerce and digital marketing skills. T-box provides SMEs with free support for 3 months in areas such as branding enhancement, digital transformation, production and supply chain solutions and market expansion, as well as organises a wide range of training and workshops on topics covering exploration of the Mainland market, strategies for entering the Guangdong-Hong Kong-Macao Greater Bay Area, and online marketing trends and consumer shopping preferences on the Mainland, etc. The Digital Academy provides a series of free digital marketing video courses, with experts teaching basic skills and strategies in different areas on relevant themes including on helping SMEs set up online shops on e-commerce platforms and on the process of live-streaming. It has also organised a number of seminars related to Mainland online marketing.

Furthermore, the Financial Secretary announced in the 2024-25 Budget the further injection of $500 million into the Dedicated Fund on Branding, Upgrading and Domestic Sales, thereby increasing its total commitment to $7 billion, for sustaining its operation and introducing "E-commerce Easy". We expect that "E-commerce Easy" will be launched in July 2024, which enables SMEs to make use of the $1 million funding ceiling of a single project flexibly for implementing e-commerce projects on the Mainland within the cumulative funding ceiling of $7 million per enterprise. The project measures that could be funded will include the establishment of online stores and placement of advertisements on third-party online sales platforms, and the incorporation of online payment option on the websites of enterprises, etc. Promotion through live-streaming or short video clips in compliance with the prevailing guidelines, including the rental of facilities and equipment, is also within the funding scope.

Apart from financial support, the “Support and Consultation Centre for Small and Medium Enterprises” (SUCCESS) under the Trade and Industry Department (TID) will take lead and co-operate with the other 3 SME centres, namely the “SME Centre” under HKTDC, the “SME One” under the Hong Kong Productivity Council and the “TecONE” under the Hong Kong Science and Technology Parks Corporation, to strengthen the provision of information under “four-in-one” integrated services on conducting e-commerce business in the Mainland market, with a view to equipping enterprises to expand their businesses through leveraging e-commerce. From 2020 to end February 2024, a total of 52 webinars/physical seminars related to e-commerce were organised under the “four-in-one” seminar series and by SUCCESS under TID, attracting more than 5 700 participants in total. We expect that the 4 SME centres will organise over 10 webinars/physical seminars related to e-commerce in the first half of 2024.

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB084

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1900)

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:

A main responsibility of the Commerce and Economic Development Bureau (CEDB) under this Programme is to institute measures and arrangements to facilitate international trade and gain market access for Hong Kong's goods, services and investment, including through forging free trade agreements (FTAs) and investment promotion and protection agreements (IPPAs). In this regard, will the Government advise this Committee of the following:

1. The HKSAR Government submitted an application for accession to the Regional Comprehensive Economic Partnership (RCEP) in mid-January of 2022, and is expected to formally join RCEP this year. What is the progress of the application? What is the earliest possible time for Hong Kong to formally join RCEP?

2. To gain market access for more Hong Kong's goods, services and investment as well as strengthen Hong Kong's status as an international trade centre under the National 14th Five-Year Plan, does the Government have any plan to forge FTAs and comprehensive avoidance of double taxation agreements (CDTAs) with more foreign economies, so as to deepen the external economic and trade relations of Hong Kong? If yes, what are the details and timetable? If not, what are the reasons?

3. What preliminary work did the Government commence last year while pending approval of the application? What publicity programmes has the Government planned for this year, including those for publicising to local enterprises tariff concessions and export opportunities after accession to RCEP so that they can devise their commercial and operational plans in advance?

4. With the Government's consideration of establishing Economic and Trade Offices in Riyadh and Kuala Lumpur, as well as establishing consultant offices in Türkiye and Egypt this year, does the Government have any plan to review its strategic arrangements

for assisting Hong Kong enterprises in tapping into emerging markets? If yes, what are the details? If not, what are the reasons?

Asked by: Hon TAN Sunny (LegCo internal reference no.: 16)

Reply:

Upon the entry into force of the Regional Comprehensive Economic Partnership (RCEP) [Note 1] on 1 January 2022, the HKSAR Government has immediately submitted Hong Kong's formal accession request, and actively made use of various regional fora and at different levels and occasions to reiterate Hong Kong's keen interest in joining RCEP. Responses have been positive. For example, in July 2023, the Chief Executive personally led a high-level delegation to the ASEAN, visiting Singapore, Indonesia and Malaysia. He met with the leaders of these 3 countries and had exchanges with the Secretary-General of ASEAN and local business leaders, with an aim to showing appreciation for ASEAN's steadfast support for Hong Kong's accession to RCEP. Thereafter, the Secretary for Commerce and Economic Development (SCED) co-chaired with the Indonesian Minister of Trade the 7th ASEAN Economic Ministers (AEM)-Hong Kong, China Consultation in August 2023 in Indonesia. At the meeting, AEM noted the value and important contributions that Hong Kong would bring upon its prospective accession to RCEP, and positively welcomed Hong Kong's accession request. In addition, in January 2024, the Trade and Industry Department (TID), in conjunction with Invest Hong Kong and the Hong Kong Trade Development Council (HKTDC), organised a luncheon with the theme of fostering trade and economic ties between Hong Kong and ASEAN. SCED attended and chaired the proceedings. Over 100 guests from the public and business sectors were in attendance, including the Consuls-General of RCEP members, representatives of their chambers of commerce and local chambers. The attendees expressed support for Hong Kong's early accession to RCEP in order to further drive regional trade and economic development. Concurrently, TID and relevant overseas Hong Kong Economic and Trade Offices have continued to maintain close liaison with the trade and economic departments of RCEP members to foster favourable conditions for the early accession of Hong Kong to RCEP.

According to the understanding of the HKSAR Government, RCEP members have yet to conclude their discussions on the accession procedures for new members. The HKSAR Government will continue to seek early commencement of negotiations and discussions with RCEP member economies and strive to forge consensus from various sectors in supporting Hong Kong's accession to RCEP.

The Commerce and Economic Development Bureau and relevant departments will continue to, through various occasions such as the aforementioned luncheon, introduce to representatives of chambers of commerce in Hong Kong, enterprises and exporters the opportunities that our prospective accession to RCEP would bring about, with an aim to enabling Hong Kong enterprises to be adequately prepared to make full use of the advantages and convenience of the agreement upon our accession.

At the same time, the Government has been vigorously expanding Hong Kong's economic and trade network to help the business sector develop emerging markets. Hong Kong has so far signed 8 free trade agreements (FTAs) with 20 economies [Note 2], covering most of Hong Kong's major trading partners. We are negotiating an FTA with Peru.

In addition, Hong Kong has so far signed comprehensive avoidance of double taxation agreements (CDTAs) with 49 jurisdictions. To strengthen efforts to bring more enterprises to Hong Kong and facilitate the overseas market development of Hong Kong's enterprises, the Government will continue to enhance efforts to accelerate the expansion of the CDTA network. Apart from the CDTAs signed with Croatia and Bahrain in January and March this year respectively, the Government expects to sign CDTAs with three other jurisdictions within this year subject to the work priorities and vetting procedures of the negotiation partners.

Similarly, it has also been set out in the Government's future work plan that negotiations will commence with 4 to 6 tax jurisdictions each year. In particular, the focus will be on jurisdictions participating in the Belt and Road Initiative and emerging markets such as the member states of the ASEAN, the Middle East, Central Asia and Africa.

To assist Hong Kong enterprises in developing new markets, the HKSAR Government has established 16 Mainland offices/liaison units and 14 overseas ETOs. Alongside the global offices of Invest Hong Kong and the HKTDC, Hong Kong has offices in 65 cities around the world, providing coverage to 128 countries. The HKSAR Government will continue to proactive expand Hong Kong's trade and economic network, to support Hong Kong businesses to enter developing markets.

The Government has also been assisting enterprises in exploring more diversified markets through various funding schemes. Among others, the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) provides funding support for enterprises to develop business in 39 economies with which Hong Kong has signed FTAs and/or investment promotion and protection agreements, including ASEAN, as well as Türkiye, Bahrain, Kuwait, the United Arab Emirates, etc. Further to the Government's launch of "Easy BUD" in June 2023 to expedite the vetting of applications involving designated measures with a funding amount of $100,000 or below, the Financial Secretary announced in the 2024-25 Budget the further injection of $500 million into the BUD Fund, thereby increasing its total commitment to $7 billion for sustaining its operation. In addition, the SME Export Marketing Fund (EMF) provides funding support for small and medium enterprises to participate in export promotion activities for developing markets outside Hong Kong, including the ASEAN and the Middle East markets. The Government has increased the cumulative funding ceiling per enterprise to $1 million since November 2022 to enable enterprises to conduct more promotion activities for developing more business opportunities in markets outside Hong Kong.

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

Note 2: The economies are Mainland China, Macao SAR, the 10 Member States of the ASEAN, Australia, Chile, the European Free Trade Association (Iceland, Liechtenstein, Norway and Switzerland), Georgia and New Zealand. All FTAs have entered into force.

- End -

CEDB085

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2150)

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:

To facilitate the development of small and medium enterprises (SMEs) in Hong Kong, various financing schemes have been launched by the Government and some quasi-government organisations. Among which, the 90% Guarantee Product and the Special 100% Loan Guarantee will offer loans by the lending banks participating in the scheme. The loans will be transferred to the HKMC Insurance Limited after drawdowns and the default risks will be borne by the Government with the provision of loan guarantee. Will the Bureau inform this Committee of:

1. the numbers of government-guaranteed loan applications, the loan amount of approved cases, the loan guarantee amount of default cases and the default rates in the past 3 years;

2. the numbers of applications for principal moratorium and partial principal repayment, as well as the numbers and percentages of approved applications in the past 3 years;

3. alongside the support for the development of SMEs, any policies and measures put in place by the Government to deter enterprises from defaulting and lower the default rate?

Asked by: Hon TANG Fei (LegCo internal reference no.: 34)

Reply:

The figures of the applications of the various guarantee products of the SME Financing Guarantee Scheme (SFGS) from January 2021 to December 2023 are as follows:

	80% Guarantee Product	**90% Guarantee Product**	**Special 100% Guarantee Product**
Number of Applications Received	6 926	8 835	45 142
Number of Applications Approved	6 045	8 136	40 358

	80% Guarantee Product	90% Guarantee Product	Special 100% Guarantee Product
Total Loan Amount of Approved Applications ($)	28.87 billion	15.37 billion	99.42 billion
Cumulative Number of Default Cases Note	1 639	340	4 533
Cumulative Default Rate Note	4.2%	2%	6.8%

Note: 80%, 90% and Special 100% Guarantee Products were launched in 2012, 2019 and 2020 respectively. The cumulative default figures were the figures as at end February 2024.

As at end February 2024, more than 100 000 applications were approved under the SFGS. Among them, 49 063 and 2 301 applications adopted the principal moratorium and the partial principal repayment arrangements respectively.

The right and interest of loans approved under the 80% and 90% Guarantee Products belong to the lending institutions, and the Government provides only the credit guarantee. As regards loans approved under the Special 100% Guarantee Product, the right and interest are transferred by the lending institutions to The Hong Kong Mortgage Corporation Limited without recourse to the former after loan drawdown. Despite the different arrangements of the right and interest under different guarantee products, in processing loan applications, the lending institutions will conduct customer due diligence to confirm that the borrowing enterprises could fulfil the eligibility requirements. HKMC Insurance Limited (HKMCI) (which is responsible for administering and managing the SFGS) will also conduct appropriate checks in vetting the applications submitted by the lending institutions, and enhance the vetting of suspicious cases.

As at end February 2024, about 2 800 applications of the Special 100% Guarantee Product, involving around $8.2 billion of loans, involved illegal activities, including using false instruments, providing false information or declarations, etc. Among them, about 1 110 cases (involving around $3.8 billion of loans) were already rejected by HKMCI and/or the lending institutions during application assessment, while the other 1 700 cases (involving around $4.4 billion of loans) were identified after loan drawdown. HKMCI has taken appropriate actions, including reporting the cases that may involve illegal activities and providing assistance to the law enforcement agency, issuing clear guidelines to the participating lending institutions of the SFGS, taking legal actions through the lending institutions, etc.

In the event that a borrowing enterprise defaults on repayment, the lending institution will initiate recovery actions and request the enterprise and guarantor to repay the loan in accordance with its policy and prevailing commercial practice. If the lending institution and the borrowing enterprise could not reach agreement on the repayment or the borrowing enterprise fails to cooperate, the lending institution will consider taking legal actions, including presenting a winding-up petition to the court.

As at end February 2024, the cumulative default rates of the 80%, 90% and Special 100% Guarantee Products under the SFGS were about 4.2%, 2% and 6.8% respectively, lower than the assumed overall default rates (12%, 16% and 25% respectively). The actual default rates of the SFGS are subject to change having regard to the overall economic environment and the operational situation of individual borrowing enterprises. The Government and HKMCI will continue to monitor the situation closely.

- End -

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2795)

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% Loan Guarantee, the 80% Guarantee Product and the 90% Guarantee Product under the SME Financing Guarantee Scheme, please provide the numbers of applications received, the total loans applied for, the numbers of applications approved, the total loans approved, the numbers of cases with repayment of loans as scheduled and the amounts involved, the numbers of applications for deferment of loan repayment and the amounts involved, the numbers of default cases and the amounts involved, as well as the numbers of bad debt cases and the amounts involved in the past 3 financial years.

Financial Secretary has announced in the 2024-25 Budget Speech that the application period for the 80% and 90% Guarantee Products will be extended to March 2026. Has the Government assessed the numbers of new applications, the loan amounts involved and the numbers of default or even bad debt cases regarding the 80% and 90% Guarantee Products from this financial year to March 2026? If yes, what are the results of the assessment? If not, what are the reasons?

Asked by: Hon WONG Chun-sek, Edmund (LegCo internal reference no.: 8)

Reply:

The figures of the applications of the various guarantee products of the SME Financing Guarantee Scheme (SFGS) from January 2021 to December 2023 are as follows:

	80% Guarantee Product Note 1	**90% Guarantee Product** Note 1	**Special 100% Guarantee Product** Note 1
Number of Applications Received	6 926	8 835	45 142
Number of Applications Approved	6 045	8 136	40 358

	80% Guarantee Product Note 1	**90% Guarantee Product** Note 1	**Special 100% Guarantee Product** Note 1
Total Loan Amount of Approved Applications ($)	28.87 billion	15.37 billion	99.42 billion
Cumulative Number of Default Cases	1 639	340	4 533
Cumulative Default Rate Note 2	4.2%	2%	6.8%

Note 1: The 80%, 90% and Special 100% Guarantee Products were launched in 2012, 2019 and 2020 respectively.
Note 2: The cumulative default figures were the figures as at end February 2024.

As at end February 2024, more than 100 000 loan applications were approved under the SFGS. Among them, more than 28 000 applications, involving a total amount of around $86.8 billion, had been repaid in full as scheduled, while cumulatively 49 063 and 2 301 applications adopted the principal moratorium and the partial principal repayment arrangements, involving $107.8 billion and $5.4 billion respectively.

The Financial Secretary announced in the 2024-25 Budget the extension of the application period for the 80% and 90% Guarantee Products under the SFGS for two years to end March 2026. It is expected that additional loans amounting to $38 billion will be approved. Nevertheless, the number of beneficiary enterprises and the actual default rates of the SFGS are subject to change having regard to the overall economic environment and the operational situation of individual borrowing enterprises. The Government and HKMC Insurance Limited, which is responsible for administering and managing the SFGS, will continue to monitor the situation closely.

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB087

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2800)

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:

It is stated in the Budget Speech that the application period for the 80% and 90% Guarantee Products under the SME Financing Guarantee Scheme will be extended for two years to the end of March 2026. The total guaranteed commitment under the Scheme will increase further by $10 billion. In this connection, will the Government inform this Committee:

1. of the number of applications received, the amount of loans approved, the number of confirmed default cases, and loan guarantee amount of default cases, in each of the past 3 years under the SME Financing Guarantee Scheme with respective figures for the 80% and 90% Guarantee Products; and

2. whether random checks have been conducted on the company applicants to find out if the Scheme has been abused; If yes, what are the relevant numbers and details?

Asked by: Hon WONG Chun-sek, Edmund (LegCo internal reference no.: 13)

Reply:

The Government provides loan guarantees to enterprises through the SME Financing Guarantee Scheme (SFGS), and launched the 80% and 90% Guarantee Products in 2012 and 2019 respectively to help small and medium enterprises (SMEs) obtain commercial loans. To assist enterprises hard hit by the epidemic in coping with cash flow problems, the Government launched in April 2020 the Special 100% Guarantee Product to provide low-interest concessionary loans to SMEs. The figures of the applications of the 80% and 90% Guarantee Products of the SFGS from January 2021 to December 2023 are as follows:

80% Guarantee Product Note 1	**2021**	**2022**	**2023**
Number of Applications Received	2 255	2 312	2 359
Number of Applications Approved	2 012	2 006	2 027

80% Guarantee Product Note 1	2021	2022	2023
Total Loan Amount of Approved Applications ($)	10.33 billion	9.93 billion	8.62 billion
Number of Default Cases	96	135	203
Loan Guarantee Amount of Default Cases ($)	0.29 billion	0.34 billion	0.51 billion

Note 1: The 80% Guarantee Product was launched in 2012.

90% Guarantee Product Note 2	2021	2022	2023
Number of Applications Received	3 027	2 595	3 213
Number of Applications Approved	2 867	2 444	2 825
Total Loan Amount of Approved Applications ($)	5.64 billion	4.75 billion	4.99 billion
Number of Default Cases	32	61	198
Loan Guarantee Amount of Default Cases ($)	0.04 billion	0.06 billion	0.22 billion

Note 2: The 90% Guarantee Product was launched in 2019.

In processing loan applications, the lending institutions will conduct customer due diligence to confirm that the borrowing enterprises could fulfil the eligibility requirements. HKMC Insurance Limited (HKMCI) (which is responsible for administering and managing the SFGS) will also conduct appropriate checks in vetting the applications submitted by the lending institutions, and enhance the vetting of suspicious cases.

As at end February 2024, about 2 800 applications of the Special 100% Guarantee Product (involving around $8.2 billion of loans) involved illegal activities, including using false instruments, providing false information or declarations, etc. Among them, about 1 110 cases (involving around $3.8 billion of loans) were already rejected by HKMCI and/or the lending institutions during application assessment, while the other 1 700 cases (involving around $4.4 billion of loans) were identified after loan drawdown. HKMCI has taken appropriate actions, including reporting the cases that may involve illegal activities and providing assistance to the law enforcement agency, issuing clear guidelines to the participating lending institutions of the SFGS, taking legal actions through the lending institutions, etc.

In the event that a borrowing enterprise defaults on repayment, the lending institution will initiate recovery actions and request the enterprise and guarantor to repay the loan in accordance with its policy and prevailing commercial practice. Cases reported are being followed up by the law enforcement agency, and the Commerce and Economic Development Bureau and HKMCI do not have any details regarding the follow-up actions.

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB088

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2801)

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:

The Budget proposes to inject $500 million more into the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) to help small and medium enterprises (SMEs) boost their competitiveness and tap into Mainland and overseas markets. This includes the launch of "E-commerce Easy" under the fund. It will provide support of up to $1 million per enterprise for implementing e-commerce projects in the Mainland. In this connection, please inform this Committee of:

1. the expected number of SMEs that can benefit from "E-commerce Easy"; and

2. the reasons why "E-commerce Easy" only targets the Mainland, where there is already intense competition in its vast e-commerce market, for implementing e-commerce projects; and whether consideration will be given to let local enterprises apply for subsidies to enter markets in Southeast Asia and regions along the Belt and Road.

Asked by: Hon WONG Chun-sek, Edmund (LegCo internal reference no.: 14)

Reply:

The Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) provides funding support for enterprises to develop business in 39 economies with which Hong Kong has signed free trade agreements (FTAs) and/or investment promotion and protection agreements (IPPAs).

The Financial Secretary announced in the 2024-25 Budget the further injection of $500 million into the BUD Fund, thereby increasing its total commitment to $7 billion, for sustaining its operation, as well as for introducing "E-commerce Easy" in view of the vibrant development of the Mainland electronic commerce (e-commerce) market and the enormous potential of the domestic sales market. We expect that "E-commerce Easy" will be launched in July 2024, which enables small and medium enterprises to make use of the $1 million funding ceiling of a single project flexibly for implementing e-commerce projects on the Mainland within the cumulative funding ceiling of $7 million per enterprise. The project measures that could be funded will include the establishment of online stores and placement of advertisements on third-party online sales platforms, and the incorporation of online payment options on the websites of enterprises, etc.

All enterprises eligible to apply for the BUD Fund can apply for "E-commerce Easy" to be launched. As at end February 2024, there have been more than 5 100 enterprises benefitting from the BUD Fund. We expect that the number of applications and the funding amounts approved will increase after the launch of "E-commerce Easy".

We will review the relevant operational arrangements and experience after launching "E-commerce Easy", and will in due course expand its funding scope from the Mainland to also cover other economies with which Hong Kong has signed FTAs and/or IPPAs.

- End -

Reply Serial No.

CEDB089

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2816)

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:

On the implementation of the Professional Services Advancement Support Scheme (PASS), what are the specific work and relevant expenditure incurred by the Commerce and Economic Development Bureau (CEDB) since 2021? What are the CEDB's specific work plans and performance indicators, as well as the estimated expenditure for the PASS in the coming 3 years?

Asked by: Hon WONG Chun-sek, Edmund (LegCo internal reference no.: 44)

Reply:

The Professional Services Advancement Support Scheme (PASS) aims at funding non-profit-making industry-led projects to increase exchanges and co-operation between Hong Kong's professional services and external counterparts, promote relevant publicity activities, and enhance the standards and external competitiveness of Hong Kong's professional services. Since 2021, a total of 42 projects were funded under PASS with a total grant of more than $26 million.

In addition, with a view to stepping up the promotion of Hong Kong's competitive edges and professional services to the Mainland and overseas markets, the Government has set aside $50 million for the Professionals Participation Subsidy Programme (PSP) under the PASS to subsidise Hong Kong's major professional bodies to participate in relevant activities organised by the Government (such as the overseas Hong Kong Economic and Trade Offices, the Mainland Offices or Department of Justice) and the Hong Kong Trade Development Council after the pandemic situation has stabilised. As the pandemic has gradually stabilised since the second half of 2022, PSP has approved a total of 9 activities. Over 200 professionals from the legal services and the building and construction-related services sectors conducted visits to the United Kingdom, the United States, Indonesia, Thailand and various Mainland cities. The Government will continue to encourage eligible organisations and Hong Kong professionals to make use of the financial support from PASS to carry out projects and participate in relevant activities.

The overall estimated expenditure for PASS in 2024-25 is about $13 million. The estimated expenditure for PASS in 2025-26 or afterwards will depend on number of applications received and approved, scale of approved projects and activities, project duration and number of eligible participants for the activities.

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB090

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2817)

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 Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) and the SME Export Marketing Fund (EMF), what were the respective numbers of applications received and approved by the Commerce and Economic Development Bureau, the highest, lowest and average funding amounts of the approved applications, and the respective total amounts of funding approved in 2023-24? What were the reasons for rejecting the applications?

Are there any key performance indicators (KPIs) for the BUD Fund and the EMF for the next 3 years? If so, what are the details of the KPIs? If not, what are the reasons?

Asked by: Hon WONG Chun-sek, Edmund (LegCo internal reference no.: 45)

Reply:

The implementation of the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) and the SME Export Marketing Fund (EMF) in 2023 is as follows:

	BUD Fund	EMF
Number of applications received [Note 1]	4 739	29 863
Number of applications approved	1 706	21 105
Maximum amount of funding approved in an application	$1 million	$100,000
Minimum amount of funding approved in an application	$4,500	$3 [Note 2]

	BUD Fund	EMF
Average amount of funding for applications approved	$676,000	$28,000
Total amount of funding approved	$1.153 billion	$588 million

Note 1: Applications received may not be processed in the same year. The figures include applications that could not be processed owing to incomplete information and those withdrawn voluntarily by enterprises afterwards.

Note 2: The application concerned involves a small amount of advertising fee for conducting a promotion activity on an overseas electronic commerce platform. The amount is $6, with the funding amount approved (i.e. $3) being 50% of the approved expenditure.

Rejection of the applications under the BUD Fund was mainly due to the applicant enterprises' failure to meet the eligibility requirements, demonstrate their capability in implementing the projects effectively or provide concrete details of the proposed projects, etc. For the EMF, applications were rejected mainly because applicant enterprises had not provided sufficient information and supporting documents for processing the applications.

The Commerce and Economic Development Bureau has set a key performance indicator for the funding schemes supporting small and medium enterprises (SMEs) under the Trade and Industry Department (covering the BUD Fund, the EMF and the Trade and Industrial Organisation Support Fund), i.e. to increase the amount of funding approved for supporting SMEs from $1.327 billion in 2022 to $1.6 billion in 2024.

- End -

Reply Serial No.

CEDB091

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0073)

Head:	(152) Government Secretariat: Commerce and Economic Development Bureau
Subhead (No. & title):	(-) -
Programme:	(3) Telecommunications
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 Estimates that the Commerce and Economic Development Bureau will work with the Office of the Communications Authority (OFCA) to combat scam calls and messages jointly with law enforcement agencies through a multi-pronged approach so as to safeguard the integrity of telecommunications services and the security of communications networks. In this connection, will the Government inform this Committee of the following:

1. apart from the insertion of a "+" sign in the calling number display of mobile phones for all incoming calls originating from outside Hong Kong and implementation of the registration scheme for SMS senders, whether the Government will allocate additional resources to introduce new measures in the next financial year to combat scam calls and messages, such as compiling a "white list" for unsolicited calls to ensure that successful contacts can be made by the Government and proper businesses while protecting people from scam calls and nuisance calls? If yes, please advise of the amount to be funded and the implementation timetable; and

2. whether provision has been earmarked for OFCA to extend the scope of the registration scheme for SMS senders beyond the telecommunications industry to include other industries, and from SMS to other messaging applications such as WhatsApp and WeChat? If yes, please advise of the amount to be funded and the implementation timetable.

Asked by: Hon WONG Kam-fai, William (LegCo internal reference no.: 10)

Reply:

In respect of the assistance provided in combating fraudulent calls and messages, apart from adding "+852" as prefix of calls originating outside Hong Kong to remind the call receivers to stay vigilant, the Office of the Communications Authority (OFCA), the Police and the major telecommunications service providers have established a working group since September 2022 to implement a range of measures from telecommunications perspectives to combat telephone and SMS frauds by interception at source, including:

- Telecommunications service providers, based on the fraud records and information provided by the Police, proactively block or suspend services of the telephone numbers suspected to be involved in fraud cases, and block users from accessing suspicious fraud websites;

- OFCA has formulated the Code of Practice, requiring telecommunications service providers to monitor calls originated from their networks since last year. Once call patterns of suspected phone deception are identified (e.g. making a large number of fraudulent calls within a short period of time), the services of the relevant phone numbers will be suspended immediately; and

- Since the full implementation of the Real-name Registration Programme for SIM Cards (RNR Programme) in February 2023, OFCA has been collaborating with telecommunications service providers to ensure effective implementation of the RNR Programme. Among others, telecommunications service providers are requested to conduct sample checks from time to time and follow up on the verification of suspicious pre-paid SIM cards, and refer cases of suspected use of false identity documents to the Police for handling, with a view to assisting the Police in combatting telephone frauds.

Moreover, OFCA implemented the SMS Sender Registration Scheme (the Scheme) in December 2023. Under the Scheme, all participating companies or organisations will use Registered SMS Sender IDs with the prefix "#" when they send SMS messages to local subscribers of mobile services, so as to further help members of the public verify the identities of SMS senders and raise their anti-deception awareness, guarding against telephone and SMS frauds. OFCA also fully opened up the Scheme for participation by all sectors in February this year, and other government departments with needs of joining the Scheme will also take part in the Scheme gradually. As of end February this year, major telecommunications service providers, major banks, and 11 individual government departments or statutory bodies with needs to communicate with the public via SMS messages have participated in the Scheme.

According to the Police's information, since the introduction of the above-mentioned measures, the average number of telephone fraud cases in the fourth quarter of 2023 has dropped by 38.1% when compared to the same period in 2022, reflecting the positive effect of these measures in combating telephone frauds. OFCA will continue to step up collaboration with the Police and telecommunications service providers to conduct public education and publicity with a view to disseminating anti-deception messages to all members of the public in a comprehensive manner.

The Government understands that the members of the public are very concerned about unsolicited calls and recognises the need to protect them from scam and nuisances. Various government departments have also launched different measures to help members of the public distinguish legitimate calls, including:

- OFCA has established a mechanism to provide designated telephone numbers to government departments or public organisations in need for their communications with the public. Examples of such include the Hong Kong Special Administrative Region's one-stop service hotline 1823 or the Police's Anti-Deception Coordination Centre hotline 18222. OFCA will continue to encourage government departments and public organisations to apply for telephone numbers with designated prefixes when making calls to the public to facilitate members of the public to recognise calls from government departments and public organisations;

- OFCA will further expand the Scheme to more government departments or statutory bodies for implementation;

- In response to OFCA's active appeal, major telecommunications service providers have been providing their users with call-filtering services. Among which, such services provided by individual service providers are free, including providing complimentary call management services for elderly customers to encourage their use of these services and mitigate the problems caused by suspicious and nuisance calls. Additionally, OFCA has uploaded the information of various call-filtering apps available in the market currently to its thematic website, and encourage members of the public to download. These call-filtering apps can help screen scam calls and telemarketing calls, as well as identify calls from government departments, public organisations and statutory bodies in general. OFCA has also been visiting various districts and working with Legislative Council Members as well as District Councilors since the end of last year to appeal to members of the public to beware of phone scams and assist them to download relevant call-filtering apps; and

- The Police has added an automated function in February this year to identify fraudulent calls in the mobile application of "Scameter" which will automatically compare the calls received by users and visited websites with the latest fraudulent database. When potential fraud or network safety risk is detected, a warning alert will be issued to users for early detection and prevention of fraud. Users can also report suspicious phone calls or websites through the public reporting platform of the application to ensure the relevant database remains updated and accurate. The Government will continue to strengthen public promotion of "Scameter" to encourage members of the public for downloading.

With regard to the suggestion of adding a text alert function to the calling number display, this proposal is not technically feasible as the technical arrangement for calling number display is implemented based on the international standard format, which only supports the display of numeric characters but not other characters or symbols.

As regards the proposed extension of the Scheme to cover other instant messaging applications (e.g. WhatsApp, WeChat, etc.), these applications do not fall under the scope of the Scheme because these applications operate on the Internet and are not among the telecommunications services regulated under the Telecommunications Ordinance.

We will continue to join the whole Government effort to forestall scam cases. In tandem, we would call upon members of the public to stay vigilant and not to disclose personal information or transfer money to unknown callers to avoid suffering from losses. If suspected fraudulent messages are received via such applications, users may block these messages or report the cases through the functions provided by the applications. They may also report the suspicious links to the Police so as to facilitate the telecommunications service providers to, on the basis of the Police's investigation results, prevent users from accessing the related websites.

- End -

Reply Serial No.

CEDB092

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0721)

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:

It is mentioned in the Budget that the Government will allocate an additional funding of about \$12 million in total to the Intellectual Property Department (IPD) over the next 3 years to prepare for the introduction of regulatory arrangements for local patent agent services, with the aim of enhancing the professionalism and supporting the development of the original grant patent system. In this connection, will the Government inform this Committee of:

1. the specific details of the regulatory arrangements for local patent agent services;

2. given that the IPD has already engaged in promoting the development of the original grant patent system, the additional specific work to be undertaken upon allocation of additional resources;

3. the specific details for enhancing the professionalism;

4. whether the existing staff establishment will be expanded with the additional funding; if yes, the details and the estimated expenditure of the additional manpower?

Asked by: Hon WONG Kam-fai, William (LegCo internal reference no.: 22)

Reply:

To ensure that Hong Kong's patent system can continue to meet current needs, and support Hong Kong's development into an innovation and technology hub in the region and a regional intellectual property trading centre, the Chief Executive has announced in the 2023 Policy Address that the Government will take the lead in discussing with stakeholders to plan for the introduction of regulatory arrangements for local patent agent services, covering professional qualification requirements and registration, as well as the regulatory model and framework, with the aim of enhancing service quality and nurturing talents.

Introducing appropriate regulation for patent agent services is to ensure that patent agents have sufficient professional knowledge and application capabilities in patent law and related technologies to represent their clients under the “original grant patent” (OGP) system and be competent in patent agency-related work (including drafting patent specifications and claims, answering technical inquiries raised by examiners on the patentability of inventions, providing professional advice on patent validity and infringement matters, etc.), thereby establishing locally a professional patent team as a complementary component to the long-term development of the OGP system. According to estimates by the Intellectual Property Department (IPD), there are currently around 100 local patent practitioners.

The IPD will be allocated an additional funding of about $12 million in total over the next 3 financial years (i.e. 2024-25 to 2026-27). During the period, the IPD will redeploy its solicitors and patent examiners internally, and use the allocated additional resources to hire contract staff (including project officers and supporting staff) and meet related office and administrative expenses, so as to establish a dedicated team to carry out the relevant work without expanding its civil service staff establishment.

The IPD is examining the various key issues regarding the introduction of regulatory arrangements, and plans to consult various stakeholders through the proposed industry consultation group and other appropriate channels within this year, with a view to forgoing consensus within the trade on various key issues, in order to conduct policy analysis and formulate appropriate regulatory arrangements, including specific implementation plan and timetable.

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB093

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0915)

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:

It is mentioned in the Budget that efforts to support the convention and exhibition (C&E) industry through the Convention and Exhibition Industry Subsidy Scheme (the Subsidy Scheme) and the Incentive Scheme for Recurrent Exhibitions (the Incentive Scheme) will continue. In connection with the two schemes, will the Government inform this Committee of the following:

1. What are the numbers of event applications approved and the respective amount of subsidy for each event since the launch of the schemes?

2. Are there any academic C&E events among the subsidised events? If yes, what are the respective numbers of such events? As for the remaining subsidised events, please set out the respective numbers by industry as classified under the Hong Kong Standard Industrial Classification.

3. What are the respective amounts of subsidy disbursed and the current balances?

In addition, part of the Subsidy Scheme provides exhibitors of exhibitions and participants of major conventions organised by the Hong Kong Trade Development Council with a 50% subsidy of fees, while the Incentive Scheme provides targeted support for recurrent exhibitions, especially international ones, organised by private organisers. Does the Government have any plan to expand the scope of subsidy to cover C&E events launched by other organisations, such as academic institutions? If yes, what are the details? If no, what are the reasons for that?

Asked by: Hon WONG Kam-fai, William (LegCo internal reference no.: 8)

Reply:

The Convention and Exhibition Industry Subsidy Scheme launched by the Government in October 2020 was concluded in December 2023. The Scheme provided a total subsidy of about $1,190 million to 329 exhibitions, and some $41 million as one-off immediate relief to private organisers of 73 exhibitions to help them cope with the prolonged postponement or cancellations of exhibitions during the pandemic.

To continue to support the convention and exhibition industry, the Government launched the $1.4-billion Incentive Scheme for Recurrent Exhibitions on 1 July 2023, providing financial incentives to attract exhibitions of different scales, particularly international trade shows, to be staged recurrently in Hong Kong. The scope of the Scheme covers any event organised by a private organiser and is not organised or co-organised by a Government department or public body. During the eight-month period ending 29 February 2024, a total of 62 applications for completed events have been approved, exceeding our target of providing incentives to more than 200 exhibitions over the three-year period of the Scheme on a pro-rata basis. The total incentive involved is $287 million, with an average incentive of about $4.63 million for each approved exhibition.

The industrial sector to which the organisers and exhibitions belong is not a condition for the approval of the above-mentioned schemes. We do not have the respective statistics.

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB094

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0916)

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:

In the Budget, it is mentioned that the Government will develop Hong Kong into a regional intellectual property (IP) trading centre in accordance with the National 14th Five-Year Plan. The Commerce and Economic Development Bureau will oversee the Intellectual Property Department in making preparations for establishing a Technology and Innovation Support Centre (TISC) in relation to IP in Hong Kong under a dedicated programme run by the World Intellectual Property Organization to provide innovators, small and medium enterprises, entrepreneurs and businesses with high-quality IP-related technology information and related services, thereby helping them create, protect, and manage IP rights for commercial exploitation and IP trading, and facilitate Hong Kong's integration into the overall development of our country. The Budget Speech has mentioned that $45 million has been set aside to support the Hong Kong Productivity Council (HKPC) in establishing and operating the TISC. It is anticipated that the TISC will commence operation by 2025 the earliest. In this connection, will the Government advise this Committee of:

1. the details of the specific work of the TISC; whether the Government will set key performance indicators for the TISC to facilitate the development of Hong Kong into a regional IP trading centre; if so, the details of the indicators; if not, whether it will consider formulating such indicators;

2. given that the HKPC has already established the Intellectual Property Services Centre (IPSC), whether the new TISC will replace/merge with the existing IPSC or both centres will exist side by side; and

3. how the provision of the $45 million earmarked in the Budget is allocated among the expenses on its establishment, staffing and daily operation; the number of years the provision is expected to last for to support the operation of the TISC; if the provision is exhausted, whether the TICS is expected to be capable of self-financing in its operation?

Asked by: Hon WONG Kam-fai, William (LegCo internal reference no.: 15)

Reply:

Under the World Intellectual Property Organization (WIPO) Technology and Innovation Support Centre (TISC) dedicated programme, WIPO will support participating member states to establish TISCs which serve to provide consultation services to researchers and innovators with a wide range of information including patent utilisation, search analysis, technology transfer, intellectual property (IP) management and commercialisation, etc. The TISC can support researchers and innovators at different stages of the innovation cycle, helping them make use of the IP system (especially by means of patents) to protect their inventions and guiding them to bring the technology to market.

More than 100 TISCs have been established in the Mainland under this dedicated programme. We will respond positively by making a recommendation to the China National Intellectual Property Administration (CNIPA) for establishing a TISC in Hong Kong, thus enabling Hong Kong to better integrate into overall national development.

The establishment of TISC requires the approval of WIPO and CNIPA. During this year, the Intellectual Property Department (IPD) will liaise closely with CNIPA and the Hong Kong Productivity Council (HKPC) so as to let the HKPC commence the preparatory work in accordance with the prevailing implementation procedures on establishing TISC promulgated by CNIPA. Upon the evaluation and granting of the WIPO TISC status by WIPO and CNIPA, it is anticipated that Hong Kong's TISC will commence operation by 2025 the earliest.

The IPD has conducted preliminary discussions with the HKPC on the resources required for the establishment and operation of the TISC in the first 3 years. The Government's commitment to the project for the 5 financial years from 2024-25 to 2028-29 is approximately $45 million according to current estimates. The funding is reserved for the various expenses for the establishment and operation of the TISC, including salaries, rent, office equipment, infrastructure building (including development of information technology systems and websites, connection to databases, etc.), consultancy fees and other administrative expenses. The IPD will further discuss with the HKPC in order to prepare the recommendation documents, as well as to formulate and finalise the overall work plan and detailed implementation arrangements, including the manpower involved, detailed service content, resources borne by the HKPC, timetable for the establishment and key performance indicators, etc.

Before the completion of the first three-year operating cycle, CNIPA will line up experts to carry out an evaluation on the operation of Hong Kong's TISC. The Government will also review the operational experience and service scope of Hong Kong's TISC and, taking into account the innovation and technology development needs, plan for the appropriate arrangement for the second three-year operating cycle. By then, the IPD will apply, if necessary, for the resources required in accordance with the established procedures.

The Intellectual Property Services Centre (IPSC) currently run by the HKPC provides secretariat services for the Government-funded Patent Application Grant scheme (PAG scheme). The IPSC is responsible for the operation of the PAG scheme and assisting companies and individuals applying for patents for the first time to obtain patent protection for their inventions. The functions of the IPSC are different from those provided by the TISC.

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB095

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2342)

Head:	(152) Government Secretariat: Commerce and Economic Development Bureau
Subhead (No. & title):	(-) -
Programme:	(3) Telecommunications
Controlling Officer:	Permanent Secretary for Commerce and Economic Development (Miss Eliza LEE)
Director of Bureau:	Secretary for Commerce and Economic Development

Question:

The Bureau works with the Communications Authority to implement the assignment of radio spectrum and to facilitate wider deployment of frequency spectrum in the 3.5 GHz band for the provision of 5G services. In view of the rapid development of radiocommunications technology, please advise this Committee whether spectrum resources have been allocated properly for the provision of 6G services. Moreover, as mobile-phone products with direct satellite connectivity are now available, has the Administration allocated resources for conducting studies on and making preparations for connecting terrestrial and non-terrestrial networks? If yes, what are the details? If not, will such studies and preparatory work be carried out?

Asked by: Hon WONG Kam-fai, William (LegCo internal reference no.: 32)

Reply:

The Government has been closely monitoring the development trends of the telecommunications industry on the Mainland and around the world, including 6G technology, to ensure that Hong Kong's spectrum planning is in line with that of the Mainland and other advanced economies, and 6G services are expected to be launched around 2030. The Government will continue to monitor market developments and implement measures to support the further advancement of mobile services, including the timely release of suitable spectrum, ensuring that mobile network infrastructure of Hong Kong remains at the forefront of the world.

Regarding the interconnection of terrestrial and non-terrestrial networks (generally referred as satellite communications), the Government has already provided suitable and sufficient spectrum to support the development of technologies and services for satellite communications. At present, smartphones with satellite communications functions have also been launched in the market. The Communications Authority will actively follow up on the relevant licence applications from telecommunications service providers to facilitate their provision of the satellite communications services. The Government expects that when 6G networks become more prevalent, it can further support the development of satellite communications technology.

- End -

CEDB096

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2827)

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:

The Government will extend the application period for the 80% and 90% Guarantee Products under the SME Financing Guarantee Scheme for two years, and increase the total guaranteed commitment further by $10 billion. Please advise this Committee on the following:

1. the respective numbers of applications, approved and rejected applications for the two guarantee products in the past 5 years, as well as the amounts involved;

2. the number of default cases as to date and the amounts involved; whether the default rates are in line with the Government's estimation; and the estimated default rates for the new year; and

3. whether the Government will further extend the application deadline or even consider regularising the Scheme; if yes, the details; if no, the reasons.

Asked by: Hon WONG Ying-ho, Kennedy (LegCo internal reference no.: 3)

Reply:

The figures of the applications of the 80% and 90% Guarantee Products of the SME Financing Guarantee Scheme (SFGS) from January 2019 to December 2023 are as follows:

	80% Guarantee Product	**90% Guarantee Product**
Number of Applications Received	12 119	11 642
Number of Applications Approved	10 859	10 810
Total Loan Amount of Approved Applications ($)	52.58 billion	20.29 billion
Cumulative Number of Default Cases Note	1 639	340

	80% Guarantee Product	**90% Guarantee Product**
Cumulative Loan Guarantee Amount of Default Cases ($) Note	3.75 billion	0.38 billion
Cumulative Default Rate Note	4.2%	2%
Number of Applications Rejected	42	70

Note: The 80% and 90% Guarantee Products were launched in 2012 and 2019 respectively. The cumulative default figures were the figures as at end February 2024.

As at end February 2024, the cumulative default rates of the 80% and 90% Guarantee Products under the SFGS were about 4.2% and 2% respectively, lower than the assumed overall default rates (12% and 16% respectively). The actual default rates are subject to change having regard to the overall economic environment and the operational situation of individual borrowing enterprises.

Having regard to the economic situation of Hong Kong and the needs of small and medium enterprises (SMEs), the Government keeps on enhancing the SFGS, including extending the application period for the various guarantee products several times. The Financial Secretary announced in the 2024-25 Budget the extension of the application period for the 80% and 90% Guarantee Products under the SFGS for two years to end March 2026. This will allow more eligible SMEs and professionals with financing needs to make applications. The Government and HKMC Insurance Limited, which is responsible for administering and managing the SFGS, will continue to monitor the situation closely.

- End -

Reply Serial No.

CEDB097

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2828)

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:

A total of $500 million will be injected into the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) to support "E-commerce Easy" under the fund, providing subsidies of up to $1 million per enterprise for implementing e-commerce projects in the Mainland. However, the fund is limited to projects implemented in the Mainland, while the industry is expecting to explore more new markets, especially those in countries of the Association of Southeast Asian Nations. Can the Government extend the scope of the fund to cover regions outside the Mainland? If yes, what are the details? If not, what are the reasons?

Asked by: Hon WONG Ying-ho, Kennedy (LegCo internal reference no.: 4)

Reply:

The Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) provides funding support for enterprises to develop business in 39 economies with which Hong Kong has signed free trade agreements (FTAs) and/or investment promotion and protection agreements (IPPAs).

The Financial Secretary announced in the 2024-25 Budget the further injection of $500 million into the BUD Fund, thereby increasing its total commitment to $7 billion, for sustaining its operation, as well as for introducing "E-commerce Easy" in view of the vibrant development of the Mainland electronic commerce (e-commerce) market and the enormous potential of the domestic sales market. We expect that "E-commerce Easy" will be launched in July 2024, which enables small and medium enterprises to make use of the $1 million funding ceiling of a single project flexibly for implementing e-commerce projects on the Mainland within the cumulative funding ceiling of $7 million per enterprise. The project measures that could be funded will include the establishment of online stores and placement of advertisements on third-party online sales platforms, and the incorporation of online payment options on the websites of enterprises, etc.

We will review the relevant operational arrangements and experience after launching "E-commerce Easy", and will in due course expand its funding scope from the Mainland to also cover other economies with which Hong Kong has signed FTAs and/or IPPAs.

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB098

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2832)

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:

The Government has set aside $45 million for the establishment of a World Intellectual Property Organisation (WIPO) Technology and Innovation Support Centre (TISC) in Hong Kong.

1. What are the location and scale of the TISC, and the staff establishment required? How will the TISC recruit the talents required?

2. Regarding the $45 million set aside to support the Hong Kong Productivity Council (HKPC) in establishing and operating the TISC, what are the details of the relevant expenditure (including the recurrent expenditure)? Is the provision enough for sustaining the operation of the TISC? Is the HKPC responsible for part of the expenditure and the relevant services?

Asked by: Hon WONG Ying-ho, Kennedy (LegCo internal reference no.: 8)

Reply:

Under the World Intellectual Property Organization (WIPO) Technology and Innovation Support Centre (TISC) dedicated programme, WIPO will support participating member states to establish TISCs which serve to provide consultation services to researchers and innovators with a wide range of information including patent utilisation, search analysis, technology transfer, intellectual property (IP) management and commercialisation, etc.. The TISC can support researchers and innovators at different stages of the innovation cycle, helping them make use of the IP system (especially by means of patents) to protect their inventions and guiding them to bring the technology to market.

More than 100 TISCs have been established in the Mainland under this dedicated programme. We will respond positively by making a recommendation to the China National Intellectual

Property Administration (CNIPA) for establishing a TISC in Hong Kong, thus enabling Hong Kong to better integrate into overall national development.

The establishment of TISC requires the approval of WIPO and CNIPA. During this year, the Intellectual Property Department (IPD) will liaise closely with CNIPA and the Hong Kong Productivity Council (HKPC) so as to let the HKPC commence the preparatory work in accordance with the prevailing implementation procedures on establishing TISC promulgated by CNIPA. Upon the evaluation and granting of the WIPO TISC status by WIPO and CNIPA, it is anticipated that Hong Kong's TISC will commence operation by 2025 the earliest.

The IPD has conducted preliminary discussions with the HKPC on the resources required for the establishment and operation of the TISC in the first 3 years. The Government's commitment to the project for the 5 financial years from 2024-25 to 2028-29 is approximately $45 million according to current estimates. The funding is reserved for the various expenses for the establishment and operation of the TISC, including salaries, rent, office equipment, infrastructure building (including development of information technology systems and websites, connection to databases, etc.), consultancy fees and other administrative expenses. The IPD will further discuss with the HKPC in order to prepare the recommendation documents, as well as to formulate and finalise the overall work plan and detailed implementation arrangements, including the manpower involved, detailed service content, resources borne by the HKPC, timetable for the establishment and key performance indicators, etc. The establishment of the TISC only involves renting an appropriate office and the location is to be decided.

The HKPC is required to arrange staff who possess specialised technical credentials and background, as well as IP knowledge (especially on patents) to provide services at the TISC. Taking into account CNIPA's service requirements for TISC, the finalised service agreement and operational needs, the HKPC will either deploy or recruit appropriate manpower.

Before the completion of the first three-year operating cycle, CNIPA will line up experts to carry out an evaluation on the operation of Hong Kong's TISC. The Government will also review the operational experience and service scope of Hong Kong's TISC and, taking into account the innovation and technology development needs, plan for the appropriate arrangement for the second three-year operating cycle. By then, the IPD will apply, if necessary, for the resources required in accordance with the established procedures.

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB099

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2856)

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:

In the coming year, the Bureau will continue to work with HKMC Insurance Limited to implement the SME Financing Guarantee Scheme (SFGS), including increasing the Government's loan guarantee commitment and extending the application period of the 80% and 90% Guarantee Products to 31 March 2026 to continue to help ease the cash flow problem of small and medium enterprises (SMEs). Please advise the following in table form:

(1) as at the end of January 2024, of the respective default rate of the above-mentioned 80% and 90% Guarantee Products as well as the Special 100% Loan Guarantee; the respective number of cases involved; the distribution (in terms of number and percentage) of the trades and industries in which the borrowing enterprises or individuals were engaged; and the number of borrowing enterprises or individuals applied for the principal moratorium arrangement;

(2) with regard to the 80%, 90% and Special 100% Guarantee Products granted so far, of the total amount of loans granted, the distribution of loan amounts for cases approved, the total number of applications, the distribution of the trades and industries in which the borrowers were engaged and the distribution of repayment periods in percentage; as the prime rate has been adjusted upward during the launch of the Guarantee Products, of the highest and lowest loan interest rates, their percentages and the average loan interest rate;

(3) of the respective number and percentage of cases in which applicants of the Guarantee Products chose the principal moratorium arrangement, as well as the latest details of applications for partial principal repayment, including the total number and the percentage of such cases out of all loan cases, the number and percentage of cases of each of the 4 partial repayment options (10%, 20%, 50% and alternative arrangements) and the specific details of applications for extension of guarantee period.

Asked by: Hon WONG Ying-ho, Kennedy (LegCo internal reference no.: 32)

Reply:

The figures of the applications of the various guarantee products of the SME Financing Guarantee Scheme (SFGS) as at end February 2024 are as follows:

	80% Guarantee Product (launched in 2012)	**90% Guarantee Product (launched in 2019)**	**Special 100% Guarantee Product (launched in 2020)**
Number of Applications Received	28 838	12 271	71 830
Number of Applications Approved	25 714	11 357	66 151
Total Loan Amount of Approved Applications ($)	112.09 billion	21.26 billion	140.72 billion
Cumulative Number of Default Cases Note 1	1 639	340	4 533
Cumulative Default Rate Note 1	4.2%	2%	6.8%
Number of Applications Rejected	148	78	596
Number of Benefitted Enterprises	13 400	8 548	39 448
Number of Approved Applications by Beneficiary Sectors (percentage of the total number of applications approved)			
• Trading, Wholesale and Retail	14 109 (55%)	5 853 (52%)	23 501 (36%)
• Engineering and Construction	2 065 (8%)	1 130 (10%)	5 613 (8%)
• Manufacturing	4 076 (16%)	500 (4%)	3 747 (6%)
• Others (e.g. Catering, Transportation)	5 464 (21%)	3 874 (34%)	33 290 (50%)

Note 1: The cumulative default figures were the figures as at end February 2024.

HKMC Insurance Limited (HKMCI), which is responsible for administering and managing the SFGS, does not separately collate the statistics in respect of the default cases by sectors involved.

As at end February 2024, the distribution of the repayment period of the aforementioned applications which have been approved but not yet matured is as follows:

Repayment Period	**80% Guarantee Product** Number of Approved Applications (percentage)	**90% Guarantee Product** Number of Approved Applications (percentage)	**Special 100% Guarantee Product** Number of Approved Applications (percentage)
Less than 1 year	0	1 (0.01%)	0
Not less than 1 year but less than 2 years	41 (0.49%)	88 (1.04%)	11 (0.02%)
Not less than 2 years but less than 3 years	194 (2.32%)	568 (6.72%)	85 (0.15%)
Not less than 3 years but less than 4 years	1 088 (12.99%)	3 180 (37.62%)	2 028 (3.64%)
Not less than 4 years but less than 5 years	459 (5.48%)	694 (8.21%)	686 (1.23%)
Not less than 5 years but less than 6 years	2 770 (33.06%)	3 924 (46.41%)	10 542 (18.95%)
Not less than 6 years but less than 7 years	119 (1.42%)	0	622 (1.12%)
Not less than 7 years but less than 8 years	3 708 (44.26%)	0	519 (0.93%)
Not less than 8 years but less than 9 years	0	0	20 482 (36.81%)
Not less than 9 years but not more than 10 years	0	0	20 666 (37.14%)

As at end February 2024, the distribution of loan amounts for cases approved but not yet matured under the 80% and 90% Guarantee Products by the effective loan interest rate is as follows:

Effective Loan Interest Rate	**Loan Amount ($)** (percentage)
Not higher than 3%	0.65 billion (1.09%)
Higher than 3% but not higher than 5%	13.76 billion (23.04%)
Higher than 5% but not higher than 8%	39.20 billion (65.66%)

Effective Loan Interest Rate	Loan Amount ($) (percentage)
Higher than 8% but not higher than 10%	5.94 billion (9.95%)
Higher than 10%	0.16 billion (0.27%)
Average annual loan interest rate	6.23%

The annual loan interest rate for the Special 100% Guarantee Product is the Hong Kong Prime Rate, as specified by The Hong Kong Mortgage Corporation Limited from time to time, minus 2.5% (or equivalent), i.e. the effective interest rate is currently 3.625% per annum.

Among the loans which have been approved for the principal moratorium and the partial principal repayment arrangements under the SFGS, most borrowing enterprises have also applied for extension of the guarantee period at the same time. As at end February 2024, more than 100 000 loan applications were approved. Among them, more than 28 000 applications, involving a total amount of around $86.8 billion, had been repaid in full as scheduled, while cumulatively 49 063 and 2 301 applications adopted the principal moratorium and the partial principal repayment arrangements involving $107.8 billion and $5.4 billion respectively. The relevant statistics are as follows:

	80% Guarantee Product (launched in 2012)	**90% Guarantee Product (launched in 2019)**	**Special 100% Guarantee Product (launched in 2020)**
Cumulative Number of Approved Applications for the Principal Moratorium Arrangement Note 2 (percentage of the total number of applications approved)	1 599 (6.2%)	1 550 (13.6%)	45 914 (69.4%)
Cumulative Number of Approved Applications for the Partial Principal Repayment Arrangements Note 2 (percentage of the total number of applications approved)	100 (0.4%)	77 (0.7%)	2 124 (3.2%)
<u>Partial Principal Repayment Options</u> **<u>Number of Approved Applications</u>** (percentage of the total number of approved applications for the Partial Principal Repayment Arrangements)			
• repaying only 10% of the original principal repayment amount per instalment for a period of 12 months	12 (12%)	6 (7.8%)	438 (20.6%)
• repaying only 20% of the original principal repayment amount per instalment for a period of 18 months	38 (38%)	58 (75.3%)	1319 (62.1%)

	80% Guarantee Product (launched in 2012)	90% Guarantee Product (launched in 2019)	Special 100% Guarantee Product (launched in 2020)
• repaying only 50% of the original principal repayment amount per instalment for a period of 30 months	1 (1%)	0	255 (12%)
• negotiating with the lending institutions for an alternative partial principal repayment arrangement	49 (49%)	13 (16.9%)	112 (5.3%)

Note 2: The cumulative default figures were the figures as at end February 2024.

- End -

Examination of Estimates of Expenditure 2024-25 | Reply Serial No.

CONTROLLING OFFICER'S REPLY

CEDB100

(Question Serial No. 2858)

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 Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund), please set out the respective numbers of applications for projects involving "specific licence/qualification/certification as a pre-requisite", "promotion", "procurement/licensing of brand(s) or technology", "the applicant's Mainland/free trade agreement and/or investment promotion and protection agreement entities as implementer", and "the applicant as an agent of product(s)/service(s)" in the past 5 years.

Asked by: Hon WONG Ying-ho, Kennedy (LegCo internal reference no.: 34)

Reply:

The Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) provides funding support for enterprises to develop business through the 3 areas of measures in branding, upgrading and restructuring, and promoting sales in 39 economies with which Hong Kong has signed free trade agreements (FTAs) and/or investment promotion and protection agreements (IPPAs).

In the past 5 years, the Government has launched several rounds of enhancements to the BUD Fund, including increasing the cumulative funding ceiling per enterprise and expanding its geographical coverage, to strengthen the support for Hong Kong enterprises to develop more diversified markets and enhance their competitiveness, and launching "Easy BUD" in June 2023 to expedite the vetting of applications involving designated measures with a funding amount of $100,000 or below.

The distribution of the approved applications under the 3 major areas of measures of the BUD Fund in the past 5 years is as follows:

Area of measures	**Number of applications approved** Note 1				
	2019	**2020**	**2021**	**2022**	**2023**
Branding Note 2	251	302	291	480	559
Upgrading and Restructuring Note 3	328	442	541	833	897
Promoting Sales Note 4	698	798	786	1 131	1 429

Note 1: Some approved applications involve more than one area of measures.

Note 2: Project measures may include trademark registration and design of brand identity, etc.

Note 3: Project measures may include procurement of machinery or equipment, testing and certification, patent registration, procurement or licence fee of brands/technology, etc.

Note 4: Project measures may include relevant costs of setting up a new business entity in the FTA and/or IPPA markets (such as operating licence fees), recruitment of additional manpower, placement of advertisements, participation in exhibitions, development or enhancement of websites, establishment of online sales platforms, etc.

We do not have the statistics of different project measures of the applications approved.

- End -

CEDB101

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2861)

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

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

Programme: (-) -

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 paragraph 149 of the Budget Speech that our goal is to develop Hong Kong into a multinational supply chain management centre. What are the estimated annual expenditures for attracting Mainland enterprises to set up offices or headquarters in Hong Kong and for establishing the multinational supply chain management centre? What are the manpower arrangements involved in the relevant work?

Asked by: Hon WONG Ying-ho, Kennedy (LegCo internal reference no.: 37)

Reply:

The Financial Secretary announced in the 2024-25 Budget that, in line with the trend of Mainland manufacturing enterprises extending their production supply chains abroad, it is the goal of the Hong Kong Special Administrative Region Government to develop Hong Kong into a multinational supply chain management centre.

Under "One Country, Two Systems", Hong Kong has the distinctive advantages of enjoying strong support of the Motherland and being closely connected to the world, plays the important roles as a "super-connector" and a "super value-adder", and serves as a two-way springboard for attracting overseas enterprises and for Mainland enterprises to "go global". As a premier financial and commercial centre in the region, Hong Kong has the capacity to offer full-fledged and comprehensive professional support services (such as consulting services, trade financing and corporate training) to Mainland enterprises to meet their overseas business needs. Meanwhile, being one of the most competitive economies in the world, Hong Kong's institutional fundamentals and other core strengths (including a simple and low tax system; a favourable business environment; efficient and transparent markets; a regulatory regime in line with international rules; and free flow of goods and factors of production including talents, capital and information, etc.) make Hong Kong the only place in the world where the global advantage and the China advantage come together in a single economy, and is the best choice for Mainland manufacturing enterprises to set up headquarters for managing their offshore trading.

To attract Mainland manufacturing enterprises to establish in Hong Kong, the Commerce and Economic Development Bureau (CEDB), in coordination with “Team Hong Kong” organisations, including Invest Hong Kong (InvestHK), will strengthen the support work and work together to study implementation details, including establishing a single window to provide one-stop services for the enterprises.

InvestHK will proactively support the relevant work in the process of attracting Mainland manufacturing enterprises to set up headquarters for managing their offshore trading, by stepping up its efforts to promote various advantages of doing businesses in Hong Kong; and offering one-stop customised support services, from the planning to implementation stages. The Department will also actively pay attention to those enterprises’ needs (including financial and tax measures and land use, etc.) and reflect them accordingly to relevant policy bureaux or departments so as to suitably assist and further facilitate the enterprises in setting up headquarters for managing their offshore trading.

The above work of CEDB, InvestHK and other “Team Hong Kong” organisations will be handled with existing resources and manpower, without involving additional expenditure.

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB102

CONTROLLING OFFICER'S REPLY

(Question Serial No. 3205)

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:

In 2024-25, the Bureau will work with the Hong Kong Trade and Development Council (HKTDC) to launch Hong Kong Shopping Festivals on e-commerce platforms to promote awareness of Hong Kong brands for developing the Mainland domestic sales market. Please inform this Committee of the following:

1. What are the contents and timetable of the project, including how to co-operate with the business sector?

2. How will the relevant companies and products for sale be selected? Are there any specific qualification requirements for the products? Is there no restriction on the products' place of production as long as they are distributed by local agents?

3. In order to actively promote locally produced products, will the Government consider implementing the project by co-operating with the annual Online Hong Kong Brands and Products Expo?

4. What are the manpower and resources involved in the relevant work?

Asked by: Hon WONG Ying-ho, Kennedy (LegCo internal reference no.: 41)

Reply:

The Hong Kong Shopping Festival, to be organised on electronic commerce (e-commerce) platforms by the Commerce and Economic Development Bureau (CEDB) through the Hong Kong Trade Development Council (HKTDC), will be held in the third quarter of 2024 to enable small and medium enterprises (SMEs) to leverage the advantages of "high traffic flow" and "massive customer base" of these platforms to promote awareness of Hong Kong brands for developing the Mainland domestic sales market. HKTDC is liaising with different e-commerce and social media platforms with high volume of user traffic for the preparation, and will actively encourage and promote Hong Kong enterprises and brands to participate in the Hong Kong Shopping Festival. Details of the plan, including collaboration with the business sector and types of products, are to be confirmed. The manpower and expenditure of CEDB and HKTDC for organising the Hong Kong Shopping Festival have been subsumed under the respective overall establishment and estimated expenditure, and cannot be quantified separately.

The Government currently provides different funding schemes to assist SMEs in promoting Hong Kong brands. For example, the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) provides funding support for enterprises to develop their brands and businesses in 39 economies with which Hong Kong has signed free trade agreements and/or investment promotion and protection agreements, including the Mainland. Among others, "E-commerce Easy" of the BUD Fund as announced in the 2023 Policy Address is expected to be launched in July 2024, which enables SMEs to make use of the $1 million funding ceiling of a single project flexibly for implementing e-commerce projects on the Mainland within the cumulative funding ceiling of $7 million per enterprise. In addition, the SME Export Marketing Fund provides funding support for SMEs to develop their brands and businesses in Hong Kong and external markets through participating in promotion activities. At the same time, the trade also promotes Hong Kong brands and enhance their brand image through different events and schemes, including trade fairs organised by chambers of commerce and quality accreditation schemes for products and services implemented by the trade, etc.

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB103

CONTROLLING OFFICER'S REPLY

(Question Serial No. 3206)

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:

The Bureau will conduct in-depth research and make recommendations for the development of silver economy within the year. Please advise on the following:

1. What measures and projects have been launched by the Government since 2023 for the development of silver economy? What are the details? In this connection, have any chambers of commerce or organisations been contacted? If yes, what are the details?

2. What are the manpower and resources required for the related work in 2024-25? Will the contents of the relevant research and recommendations be released within the year? Are there any initial plans or projects/activities at present? If yes, what are the details?

Asked by:

Reply:

The Government established the Advisory Panel on Silver Economy and convened its first meeting to conduct research on the market demand and development of the "silver economy" in February this year. Chaired by the Secretary for Commerce and Economic Development, the Advisory Panel comprises experts of different fields to research into the business potential of the "silver economy", and aims to, through promoting economic activities related to products and services for the elderly, unleash the business potential of the elderly market, and better meet the aspirations and needs of the elderly.

The Advisory Panel will focus on how to facilitate the market development of products and services catering for the elderly population and offer recommendations in one year's time. Meanwhile, the Hong Kong Trade Development Council will incorporate "silver economy" elements into more exhibitions. The relevant work has been included in the overall estimated expenditure and manpower resources of the Commerce and Economic

Development Bureau, and cannot be quantified separately. We will closely follow up on the work of the "silver economy" and brief the relevant panel of the Legislative Council in due course.

- End -

Reply Serial No.

CEDB104

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0257)

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:

Under this programme, the estimate of financial provision for 2024-25 increases 56.7%. As Hong Kong's economy is recovering, there is a need to strengthen policy enhancement for commerce and industry, as well as enhancing economic and trade promotion, international co-operation, and the implementation of the SME Financing Guarantee Scheme – Guarantee Products. While it is expected that there will be a certain increase in the estimated expenditure, such an increase is substantial.

In this connection, please inform this Committee how the performance of this programme is measured in the light of the substantial increase in the estimated expenditure. Has the Government considered formulating the corresponding key performance measures or indicators? If not, what are the reasons? What is the current progress of Hong Kong's accession to the Regional Comprehensive Economic Partnership (RCEP) and the development goal set by the Commerce and Economic Development Bureau in this financial year regarding the accession?

Asked by: Hon YIM Kong (LegCo internal reference no.: 12)

Reply:

The 2024-25 estimate under Programme (2) Commerce and Industry is $2.1101 billion (56.7%) higher than the 2023-24 revised estimate. About 90% of the increased provision has been allocated under the SME Financing Guarantee Scheme – Guarantee Products, mainly due to the expected increase in the cash flow requirement of the SME Financing Guarantee Scheme (SFGS) in 2024-25.

The Government provides loan guarantees to enterprises through the SFGS, and launched the 80% and 90% Guarantee Products in 2012 and 2019 respectively to help small and medium enterprises (SMEs) obtain commercial loans. To assist enterprises hard hit by the epidemic in coping with cash flow problems, the Government launched in April 2020 the time-limited Special 100% Guarantee Product under the SFGS to provide low-interest concessionary loans to SMEs. HKMC Insurance Limited (HKMCI) is responsible for administering and managing the SFGS.

Since its launch in 2012, the SFGS has been well-received by enterprises. As at end February 2024, more than 100 000 applications have been approved, involving a total of over $274 billion of loans, benefitting over 61 000 enterprises and about 780 000 employees in total.

Having regard to the economic situation of Hong Kong and the needs of SMEs, the Government keeps on enhancing the SFGS, including extending the application period for the Special 100% Guarantee Product several times, from initially 6 months to 47 months, until end March 2024. The Financial Secretary announced in the 2024-25 Budget the extension of the application period for the 80% and 90% Guarantee Products under the SFGS for 2 years to end March 2026.

As at end February 2024, the cumulative default rates of the 80%, 90% and Special 100% Guarantee Products under the SFGS were about 4.2%, 2% and 6.8% respectively, lower than the assumed overall default rates (12%, 16% and 25% respectively). To handle all the existing and new applications as well as the expected default situation of the SFGS, the Government needs to increase the estimated cash flow requirement in 2024-25 accordingly, so as to cater for the relevant expenses of the various guarantee products. These include payments of originating fee in respect of the Special 100% Guarantee Product to the participating lending institutions, payments to HKMCI to cover the administrative costs and the necessary out-of-pocket expenses to be incurred as well as the default claim payments. Nevertheless, the actual expenses and the default rates of the SFGS are subject to change having regard to the number of applications, the overall economic environment and the operational situation of individual borrowing enterprises.

The Government and HKMCI will continue to monitor the situation closely.

Upon the entry into force of the Regional Comprehensive Economic Partnership (RCEP) [Note] on 1 January 2022, the HKSAR Government has immediately submitted Hong Kong's formal accession request, and actively made use of various regional fora and at different levels and occasions to reiterate Hong Kong's keen interest in joining RCEP. Responses have been positive. For example, in July 2023, the Chief Executive personally led a high-level delegation to ASEAN, visiting Singapore, Indonesia and Malaysia. He met with the leaders of these 3 countries and had exchanges with the Secretary-General of ASEAN and local business leaders, with an aim to showing appreciation for ASEAN's steadfast support for Hong Kong's accession to RCEP. Thereafter, the Secretary for Commerce and Economic Development (SCED) co-chaired with the Indonesian Minister of Trade the 7th Association of ASEAN Economic Ministers (AEM)-Hong Kong, China Consultation in August 2023 in Indonesia. At the meeting, AEM noted the value and important contributions that Hong Kong would bring upon its prospective accession to RCEP, and positively welcomed Hong Kong's accession request. In addition, in January 2024, the Trade and Industry Department (TID), in conjunction with Invest Hong Kong and the Hong Kong Trade Development Council, organised a luncheon with the theme of fostering trade and economic ties between Hong Kong and ASEAN. SCED attended and chaired the relevant proceedings. Over 100 guests from the public and business sectors were in attendance, including the Consuls-General of RCEP members, representatives of their chambers of commerce and local chambers. The attendees expressed support for Hong Kong's early accession to RCEP in order to further drive regional trade and economic development. Concurrently, TID and relevant overseas Hong Kong Economic and Trade Offices have continued to maintain close liaison with the trade and economic departments of RCEP members to foster favourable conditions for the early accession of Hong Kong to RCEP.

According to the understanding of the HKSAR Government, RCEP members have yet to conclude their discussions on the accession procedures for new members. The HKSAR Government will continue to seek early commencement of negotiations and discussions with RCEP member economies and strive to forge consensus from various sectors in supporting Hong Kong's accession to RCEP.

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

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB105

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0258)

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

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

Programme: (4) Broadcasting

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

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The estimate for 2024-25 has been reduced by 50.9%. This is mainly due to the lapse of a one-off provision to Radio Television Hong Kong (RTHK) in 2023-24 for enhancement of its mission as the public service broadcaster of Hong Kong. To enhance Hong Kong's position as a broadcasting capital, the Government needs to strengthen relevant supervision and services.

In this connection, please inform this Committee of the following: whether the Government will study the current trends of and requirements for the development of Hong Kong's broadcasting in the new era, and review the Government's responsibilities in supervision and service provision in the broadcasting sector. In addition, considering the extensive impact of broadcasting on society and the growing demands of the public for access to information and audio-visual entertainment, in particular the important role of RTHK in "telling good stories of Hong Kong" and cultural dissemination, how the Government should step up its steer and support for the RTHK so as to enhance its influence?

Asked by: Hon YIM Kong (LegCo internal reference no.: 13)

Reply:

The objectives of Hong Kong's broadcasting policy are to widen the programme choices for the community, encourage investment and innovation in the broadcasting industry, promote fair and effective competition, and enhance Hong Kong's position as a regional broadcasting hub. In view of the fierce competition from Internet-based infotainment in recent years, the Government has actively relaxed the regulatory regime for the traditional broadcasting sector. For instance, the Broadcasting Ordinance and the Telecommunications Ordinance were amended in 2020 to relax the "cross-media ownership restrictions" and "foreign control restrictions" as well as removing the requirement of "a licensee being a non-subsidiary company". The mid-term review of domestic free television programme service and sound broadcasting licences completed in February last year also optimised and updated the programme requirements, such as relaxing the restriction on non-designated language programmes on the English channels and removing the outdated regulatory requirements, etc. Subsequent to the amendment in 2020, the Communications Authority further revised the Television and Radio Codes of Practice on Programme and Advertising Standards in December last year. The revisions provided relaxation to the regulatory regime of the broadcasting sector including the regulation of programme sponsorship and indirect advertising for TV and radio, with a view to reducing the compliance costs and creating new revenue-generating channels. The Government will continue to keep in view the developments in the broadcasting sector, and strive to provide a more flexible and conducive environment for the continued development of the broadcasting industry.

As a government department and the public service broadcaster, Radio Television Hong Kong (RTHK) is under the policy purview and housekeeping oversight of the Commerce and Economic Development Bureau (CEDB) and is abided by the public purposes and mission under the Charter of Radio Television Hong Kong (the Charter).

CEDB, in accordance with the Charter, has all along been monitoring the overall programme production editorial stance of RTHK for its full compliance with the functions and responsibilities of the public service broadcaster, and providing the required resources to meet broadcasting and programme production needs. RTHK, led by the Director of Broadcasting as Editor-in-Chief, is responsible for implementing the overall programmes.

RTHK will continue to enhance cross-media multi-language broadcasting to actively showcase the edges of Hong Kong to expatriates in Hong Kong and people on the Mainland and overseas, and will continue to actively collaborate with broadcasters on the Mainland and other regions in broadcasting and production of different programmes with a view to telling good stories of our nation and Hong Kong and keeping a wide spectrum of audience apprised of the latest developments and appeal of Hong Kong.

- End -

Reply Serial No.

CEDB106

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0259)

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:

The estimated provision for 2024-25 registers a reduction of 13.9%. This is mainly due to the lapse of time-limited subvention to the Hong Kong Trade Development Council (HKTDC) for development of virtual event platform. The Hong Kong economy is at a recovery stage. Given that recent years have seen a fall-off in exports volume as a result of external factors, more trade development events of related nature should be held.

In this connection, please inform this Committee how the provision for subsidies for HKTDC to discharge its statutory functions (other than the time-limited subvention to HKTDC for development of virtual event platform) compare with that for the previous financial year.

Asked by: Hon YIM Kong (LegCo internal reference no.: 14)

Reply:

The Government will determine the amount of annual subvention to the Hong Kong Trade Development Council (HKTDC) based on such factors as the Government's financial position, the HKTDC's funding requirements, new demands for trade-related services and the economic situation of Hong Kong. In 2024-25, the Government provides an estimated subvention of $551.39 million to the HKTDC, which is 13.9% lower than that of 2023-24, mainly due to the lapse of the time-limited funding to the HKTDC for the development of virtual platforms. Excluding the aforementioned time-limited subvention, the amount of subvention provided by the Government to the HKTDC in 2024-25 is increased by 2.1% when compared to 2023-24.

- End -

CEDB107

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0260)

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

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

Programme: (-) -

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 Budget Speech that the relevant government departments will step up efforts to attract Mainland manufacturing enterprises to set up offices in Hong Kong, to serve as headquarters for managing their offshore trading. In this connection, will the Government formulate tax concession policy similar to that of Singapore in order to attract offshore trading to return to Hong Kong?

Asked by: Hon YIM Kong (LegCo internal reference no.: 15)

Reply:

The Financial Secretary announced in the 2024-25 Budget that, in line with the trend of Mainland manufacturing enterprises extending their production supply chains abroad, it is the goal of the Hong Kong Special Administrative Region Government to develop Hong Kong into a multinational supply chain management centre.

Under "One Country, Two Systems", Hong Kong has the distinctive advantages of enjoying strong support of the Motherland and being closely connected to the world, plays the important roles as a "super-connector" and a "super value-adder", and serves as a two-way springboard for attracting overseas enterprises and for Mainland enterprises to "go global". As a premier financial and commercial centre in the region, Hong Kong has the capacity to offer full-fledged and comprehensive professional support services (such as consulting services, trade financing and corporate training) to Mainland enterprises to meet their overseas business needs. Meanwhile, being one of the most competitive economies in the world, Hong Kong's institutional fundamentals and other core strengths (including a simple and low tax system; a favourable business environment; efficient and transparent markets; a regulatory regime in line with international rules; and free flow of goods and factors of production including talents, capital and information, etc.) make Hong Kong the only place in the world where the global advantage and the China advantage come together in a single economy, and is the best choice for Mainland manufacturing enterprises to set up headquarters for managing their offshore trading.

To attract Mainland manufacturing enterprises to establish in Hong Kong, the Commerce and Economic Development Bureau, in coordination with "Team Hong Kong" organisations, including Invest Hong Kong (InvestHK), will strengthen the support work and work together to study implementation details, including establishing a single window to provide one-stop services for the enterprises.

InvestHK will proactively support the relevant work in the process of attracting Mainland manufacturing enterprises to set up headquarters for managing their offshore trading, by stepping up its efforts to promote various advantages of doing businesses in Hong Kong; and offering one-stop customised support services, from the planning to implementation stages. The Department will also actively pay attention to those enterprises' needs (including financial and tax measures and land use, etc.) and reflect them accordingly to relevant policy bureaux or departments so as to suitably assist and further facilitate the enterprises in setting up headquarters for managing their offshore trading.

- End -

Reply Serial No.

CEDB108

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0668)

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:

It is mentioned in the Budget Speech that to assist small and medium enterprises in tackling their capital-flow problems, the application period for the 80% and 90% Guarantee Products under the SME Financing Guarantee Scheme will be extended for 2 years to the end of March 2026. The total guaranteed commitment under the Scheme will increase further by $10 billion. In this connection, please advise this Committee: given that the economy has been recovering slowly and there are still external uncertainties, will the percentage of bad debts of the guaranteed loans increase, and what are the details of the corresponding loan risks borne by the Government in the past year? Besides, how will the Government consider the enhancement of support under the Scheme for top talent and quality migrants newly arrived in Hong Kong to start up businesses?

Asked by: Hon YIM Kong (LegCo internal reference no.: 22)

Reply:

As at end February 2024, the cumulative default rates of the 80%, 90% and Special 100% Guarantee Products under the SME Financing Guarantee Scheme (SFGS) were about 4.2%, 2% and 6.8% respectively, lower than the assumed overall default rates (12%, 16% and 25% respectively). The actual default rates are subject to change having regard to the overall economic environment and the operational situation of individual borrowing enterprises. Given the present default situation, we do not see the need to adjust the assumed overall default rates. The Government and HKMC Insurance Limited (HKMCI), which is responsible for administering and managing the SFGS, will continue to monitor the situation closely.

Having regard to the economic situation of Hong Kong and the needs of small and medium enterprises (SMEs), the Government keeps on enhancing the SFGS. The 90% Guarantee Product launched in December 2019 can assist smaller-sized enterprises with relatively less operating experience as well as professionals seeking to set up their own practices in obtaining financing. The Financial Secretary announced in the 2024-25 Budget the extension of the application period for the 80% and 90% Guarantee Products under the SFGS for 2 years to end March 2026. This will allow more eligible SMEs and professionals with financing needs to make applications.

- End -

 Reply Serial No.

CEDB109

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0683)

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

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

Programme: (-) -

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

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Budget Speech has mentioned the proposal to inject $500 million more into the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) to help small and medium enterprises boost their competitiveness and tap into Mainland and overseas markets, including the launch of "E-commerce Easy" under the fund to provide support of up to $1 million per enterprise for implementing e-commerce projects in the Mainland. In this connection, please inform this Committee of the following: whether there have been cases of fund abuse by enterprises with false information since the implementation of the BUD Fund; if yes, the details; and what measures will the Government take to prevent the abuse of the BUD Fund?

Asked by: Hon YIM Kong (LegCo internal reference no.: 24)

Reply:

The Financial Secretary announced in the 2024-25 Budget the further injection of $500 million into the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund), thereby increasing its total commitment to $7 billion for sustaining its operation, and introducing "E-commerce Easy" to provide funding support for small and medium enterprises (SMEs) to implement electronic commerce projects on the Mainland.

To ensure proper use of the public money, the Government has established stringent vetting procedures for the BUD Fund to guard against any misuse of funds or fraudulent claims, including setting up a Programme Management Committee (PMC) with members from the business sectors and SME associations for overseeing the implementation of the BUD Fund and approving its applications. The Programme Secretariat of the BUD Fund, i.e. the Hong Kong Productivity Council, will conduct initial vetting of applications and relevant supporting documents submitted by enterprises in accordance with the established procedures and the eligibility and funding criteria specified in the Guide to Application. The applications will then be vetted by an Inter-departmental Committee comprising representatives from relevant government departments, which will then submit its recommendations to PMC for consideration and approval.

PMC will also monitor the implementation of the approved projects. The Programme Secretariat will first review the project reports submitted by the enterprises after the completion of the projects and audit their accounts when necessary, and will conduct on-site inspections based on actual circumstances and needs. The final payments of projects will only be disbursed upon PMC's acceptance of the project reports.

If any application or approved project is suspected to involve illegal activities in obtaining funding, such cases will be referred to law enforcement agencies for handling.

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB110

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1944)

Head:	(152) Government Secretariat: Commerce and Economic Development Bureau
Subhead (No. & title):	(-) -
Programme:	(-) -
Controlling Officer:	Permanent Secretary for Commerce and Economic Development (Miss Eliza LEE)
Director of Bureau:	Secretary for Commerce and Economic Development

Question:

Regarding the planning for new convention and exhibition (C&E) facilities to maintain and consolidate the international status of Hong Kong's C&E industry, please advise:

1. the latest utilisation of the Incentive Scheme for Recurrent Exhibitions, including the numbers of applications received, approved and rejected as well as the incentive amount for the approved applications since its launch;

2. the number of overnight visitors for C&E events and their per capita spending in 2023-24, as well as the estimated number of overnight visitors for C&E events and their per capita spending in 2024-25; and

3. with respect to continuing to plan for new C&E facilities as mentioned under Matters Requiring Special Attention in 2024-25, whether the Government has any specific plans to increase C&E facilities in Hong Kong?

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

Reply:

During the eight-month period since the launch of the $1.4-billion Incentive Scheme for Recurrent Exhibitions from 1 July 2023 to 29 February 2024, a total of 65 applications for completed events were received, of which 62 have been approved, exceeding our target of providing incentives to more than 200 exhibitions over the three-year period of the Scheme on a pro-rata basis. The total incentive involved is $287 million, and no applications have been rejected.

According to the statistics of the Hong Kong Tourism Board (HKTB), there were 1.3 million overnight MICE visitors in 2023 and their per capita spending was about $8,900. According to the HKTB's estimation, the overall visitor arrivals in 2024 would reach 46 million. The HKTB has not made any estimation on the number of visitors by different visitor segments.

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

In Wan Chai North, we will redevelop the sites of the Wan Chai Government Offices Compound (WCGOC), Gloucester Road Garden and the Kong Wan Fire Station into C&E facilities, hotel and Grade A offices. After the redevelopment, there will be an additional 30 000 square metres of rentable C&E spaces. We anticipate that the construction works of all replacement building projects under the WCGOC relocation exercise will be completed by 2026, while the reprovisioning of the Kong Wan Fire Station will be completed by 2027. We will take forward the Wan Chai North Redevelopment project after the sites have been vacated. We estimate that the Wan Chai North Redevelopment project will be completed in 2034 at the earliest.

Meanwhile, the Hong Kong Airport Authority (HKAA) has conducted a consultancy study on the AsiaWorld-Expo (AWE) phase 2 expansion, and will invest in the expansion project. According to the preliminary design, the phase 2 expansion of AWE will provide an additional 33 600 square metres of rentable C&E spaces and a multi-purpose indoor arena with a seating capacity of over 20 000 people, providing a venue for large-scale international C&E, entertainment and sports events. The Government is reviewing the follow-up arrangement of the North Lantau Hospital Hong Kong Infection Control Centre and will vacate the site at an appropriate time for HKAA to commence the expansion works.

- End -

Examination of Estimates of Expenditure 2024-25 | Reply Serial No.

CEDB111

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1964)

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 Financing Guarantee Scheme in relation to "Assisting Small and Medium Enterprises", it is mentioned that the application period for the 80% and 90% Guarantee Products under the SME Financing Guarantee Scheme will be extended for 2 years to the end of March 2026. In this connection, will the Government advise this Committee of:

1. the respective numbers of applications received, approved, rejected and being processed by the lending institutions participating in the 100% loan guarantee schemes for the cross-boundary passenger transport trade and the travel sector since the implementation of the schemes (with a tabulated breakdown by industry), and the amount of money involved in the approved applications; and

2. the current default rate and amount of default claims of the special loan? As Hong Kong is actively promoting the recovery of tourism, the industry will need capital flow for developing markets. In this regard, will the Government consider extending the application period for the 100% loan guarantee schemes? If yes, what are the details? If no, what are the reasons?

Asked by: Hon YIU Pak-leung (LegCo internal reference no.: 30)

Reply:

Having consulted the Transport and Logistics Bureau (TLB) and the Culture, Sports and Tourism Bureau (CSTB), our consolidated reply is as follows.

The Dedicated 100% Loan Guarantee Scheme for Cross-boundary Passenger Transport Trade and the Dedicated 100% Loan Guarantee Scheme for Travel Sector (the Dedicated Schemes), respectively under the purview of TLB and CSTB, were launched on 29 April 2023 to support the trades' resumption of businesses and services and resolve the short-term funding difficulties of licensed travel agents and registered owners of local tour bus for hiring staff as soon as practicable and accelerating ramming up of operation, etc., in keeping with the resumption of inbound and outbound tourism activities. The Dedicated Schemes are administered by HKMC Insurance Limited (HKMCI). The application figures of the Dedicated Schemes as at end February 2024 are as follows:

	Licensed Travel Agents	**Local Tour Bus Operators/ Registered Owners**	**Cross-boundary Coach Registered Owner**	**Cross-boundary Ferry Operators/ Registered Owners**	**Cross-boundary Hire Car Registered Owners**
Number of Applications Received	127	106	10	0	5
Number of Applications Approved	108	92	8	0	4
Total Loan Amount of Approved Applications ($)	147 million	56 million	4 million	0	2 million
Number of Applications Rejected	0	0	0	0	0
Number of Applications under Processing	1	3	0	0	0
Number of Applications Expired/ Withdrawn	18	11	2	0	1

As at end February 2024, no default case was recorded under the Dedicated Schemes. HKMCI is required to submit to the Government regular reports for the Government to closely monitor the progress and effectiveness of the Dedicated Schemes. The Government will continue to monitor the operation of the Dedicated Schemes and duly review various arrangements, including whether to extend the application period.

The Special 100% Guarantee Product under the SME Financing Guarantee Scheme (SFGS) was launched by the Government in April 2020 to provide low-interest concessionary loans to small and medium enterprises (SMEs) to help enterprises hard hit by the epidemic cope with cash flow problems. As at end February 2024, the cumulative default rate was 6.8% and the cumulative default amount was around $9.59 billion. There are 15 enterprises in the cross-boundary passenger transport trade and 247 enterprises in the travel sector benefitting from both the Dedicated Schemes and the Special 100% Guarantee Product.

The Special 100% Guarantee Product is a special measure launched during the epidemic and economic downturn, rather than a standing policy for providing operating capital to enterprises. As society is returning fully to normalcy and the economy to positive growth, the application period of the Special 100% Guarantee Product had ended in March 2024 as scheduled. The Financial Secretary announced in the 2024-25 Budget the extension of the application period for the 80% and 90% Guarantee Products under the SFGS for two years to end March 2026. Those SMEs with financing needs can continue to obtain commercial loans through the SFGS to cope with cash flow problems.

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB112

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2995)

Head:	(96) Government Secretariat: Overseas Economic and Trade Offices
Subhead (No. & title):	(000) Operational expenses
Programme:	(1) Commercial Relations
Controlling Officer:	Permanent Secretary for Commerce and Economic Development (Miss Eliza LEE)
Director of Bureau:	Secretary for Commerce and Economic Development

Question:

Provision for Overseas Economic and Trade Offices (ETOs) for 2024-25 is $187 million (about 45%) higher than the revised estimate for 2023-24. This is mainly due to the increased provision for the new ETOs under planning, increased salary provision for filling vacancies and staff changes, and increased operating expenses. One of the Matters Requiring Special Attention in 2024-25 under this Programme is that the Dedicated Teams for Attracting Businesses and Talents set up under the ETOs of the various locations will continue to provide support to the Office for Attracting Strategic Enterprises and Hong Kong Talent Engage. Please advise this Committee:

1. of the number of new ETOs, the manpower and estimated expenditure involved; and

2. whether Dedicated Teams for Attracting Businesses and Talents will be set up under the new ETOs and if so, of the planned numbers of target enterprises and talents to be approached in the coming year.

Asked by: Hon CHAN Chun-ying (LegCo internal reference no.: 2)

Reply:

To strengthen Hong Kong's trade and economic relations with other places, the Hong Kong Special Administrative Region (HKSAR) Government has proactively expanded our network of overseas Hong Kong Economic and Trade Offices (ETOs), and strived to maintain close communication and contact with overseas interlocutors from different sectors and the international community, so as to explain the HKSAR Government's major policies, promote our unique status under "One Country, Two Systems" and our multi-faceted advantages, as well as the abundant opportunities brought about by the Belt and Road Initiative and the Guangdong-Hong Kong-Macao Greater Bay Area development.

The HKSAR Government has proactively strengthened economic and trade relations with the Middle East and the Association of Southeast Asian Nations (ASEAN), with a view to deepening regional cooperation. As mentioned in the 2024-25 Budget, the HKSAR Government is planning to establish Hong Kong overseas ETOs in Riyadh, Saudi Arabia and Kuala Lumpur, Malaysia, to facilitate the building of a broader network in the Middle East and ASEAN and enhancing our external trade. As for investment promotion and protection agreements (IPPA), the HKSAR Government has signed IPPAs with Kuwait and the United Arab Emirates (UAE) within the Cooperation Council for the Arab States of the Gulf (GCC) member states [Note], and both agreements have come into force. The HKSAR Government has signed an IPPA with Bahrain which will come into force after the completion of relevant internal procedures.

We are discussing the plan to set up an ETO in Riyadh and Kuala Lumpur with the Governments of Saudi Arabia and Malaysia through the Consuls-General of Saudi Arabia and Malaysia in Hong Kong respectively. Generally speaking, setting up new ETOs involves various considerations and detailed arrangements, including matters relating to privileges and immunities. We will continue to closely liaise with the Governments of Saudi Arabia and Malaysia to follow up on the proposal and announce further developments when appropriate.

We will take into due consideration the scope of duties, country coverage and operational needs of the new ETOs in working out the estimated expenditure for the new ETOs. Generally speaking, an ETO comprises 5 Hong Kong-based officers and 12 locally-engaged staff with total operational expenses estimated to be around $30 million per year. We expect the manpower and resources required by the new ETOs to be similar to those of the other ETOs.

Except for Geneva ETO which represents Hong Kong, China in the World Trade Organization and the Trade Committee of the Organisation for Economic Co-operation and Development, and Washington ETO which is mainly responsible for liaising with the political circle in the United States, Dedicated Teams for Attracting Businesses and Talents (Dedicated Teams) have been established under the other 12 ETOs, in line with the “Competing for Talents and Enterprises” strategy and objective of the Government. Likewise, the HKSAR Government also plans to set up Dedicated Teams under the new ETOs. Upon establishment of the Dedicated Teams, they will proactively reach out to high potential and representative strategic enterprises and talents, as well as to work with Invest Hong Kong to implement the performance indicator as set out in the 2022 Policy Address (i.e. to attract at least a total of 1 130 companies to set up or expand their operations in Hong Kong from 2023 to 2025).

Note: Member states of the GCC are Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE.

- End -

Reply Serial No.

CEDB113

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0924)

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:

It is stated in Paragraph 155 of the Budget Speech that "to strengthen our economic and trade relations with the Middle East, the Government is conducting negotiations with Saudi Arabia on an Investment Promotion and Protection Agreement (IPPA) and considering establishing an Economic and Trade Office (ETO) in Riyadh, Saudi Arabia. 2 consultant offices will also be set up in Turkey and Egypt this year to bring in foreign capital and enterprises." In fact, as our country has been implementing the Belt and Road Initiative for 10 years and the interactions between Hong Kong and Middle East countries have been on the increase, the Government should make all efforts to attract Middle East enterprises to invest in Hong Kong. It has been reported that the previous promotion campaigns of the Government in the Middle East were co-ordinated by consultant companies in Dubai and the results were ineffective. The Dubai ETO started recruitment for an investment promotion team last year for better results in attracting enterprises and investment. In this connection, will the Government advise this Committee of the following:

a. whether the Government has compiled statistics on the number of Middle East enterprises setting up businesses in Hong Kong last year, the total number of Middle East enterprises currently operating in Hong Kong and how many of them have set up regional offices or regional headquarters in Hong Kong;

b. what kinds of assistance the Government has rendered to Middle East enterprises which have established presence in Hong Kong, as well as the strategies to be pursued in the coming year for attracting Middle East enterprises to invest in Hong Kong;

c. the number of additional staff employed by Dubai ETO, and the investment promotion activities held last year and their specific results;

d. the progress on the IPPA negotiations with Saudi Arabia, when the Riyadh ETO is expected to be established and its division of work with Dubai ETO; and

e. the difference in function between the consultant offices to be set up in Turkey and Egypt and ETOs, and the reasons for not establishing ETOs in these two countries direct?

Asked by: Hon CHAN Kin-por (LegCo internal reference no.: 6)

Reply:

Through its teams based in Hong Kong, the 17 Dedicated Teams for Attracting Businesses and Talents (Dedicated Teams) based in the Mainland Offices and the overseas Hong Kong Economic and Trade Offices (ETOs), as well as 16 consultant offices in key locations not covered by the Dedicated Teams, Invest Hong Kong (InvestHK) has all along been reaching out to a wide spectrum of companies in different sectors and industries around the world to attract and assist them to set up or expand their businesses in Hong Kong, and offering one-stop customised support services, from the planning to implementation stages.

To strengthen the investment promotion work in the Middle East region, InvestHK upgraded its Dubai consultant office to a Dedicated Team established under the Dubai ETO in April 2023. The Dedicated Team, which consists of a Head, a Deputy Head and an Assistant Manager, reaches out to potential investors from the member states of the Cooperation Council for the Arab States of the Gulf (GCC) (namely, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates). In addition, to strengthen the promotion work of family office in the Middle East region, a Head of Family Office post has been added to the Dedicated Team with the support of the Financial Services and the Treasury Bureau.

In the past year, the Dedicated Team under the Dubai ETO rolled out an array of investment promotion activities including conferences, investment promotion visits, forums, seminars and high-level conferences, etc. in Middle East cities such as Doha in Qatar, Riyadh and Jeddah in Saudi Arabia, Kuwait City in Kuwait, Dubai and Abu Dhabi in the United Arab Emirates and Muscat in Oman, to introduce Hong Kong's latest developments on multiple fronts and promote Hong Kong as an ideal investment destination in Asia, so as to attract Middle East enterprises to set up or expand their businesses in Hong Kong.

According to the 2023 Annual Survey of Companies in Hong Kong with Parent Companies Located outside Hong Kong, there were 74 companies in Hong Kong with parent companies located in the Middle East, including 12 regional headquarters, 21 regional offices and 41 local offices. In 2023, InvestHK assisted 4 companies from the Middle East countries to set up or expand their businesses in Hong Kong. Riding on the good performance, the Department will continue to make every effort in attracting Middle East enterprises to invest in Hong Kong.

As for investment promotion and protection agreements (IPPA), the HKSAR Government has signed IPPAs with Kuwait and the United Arab Emirates within GCC, and both agreements have come into force. The HKSAR Government has signed an IPPA with Bahrain which will come into force after the completion of relevant internal procedures. We have also, since mid-2023, begun IPPA negotiations with Saudi Arabia, and both sides intend to conclude negotiations as soon as possible.

We are discussing the plan to set up an overseas ETO in Riyadh with the Government of Saudi Arabia through the Consul-General of Saudi Arabia in Hong Kong. Generally speaking, setting up new ETOs involves various considerations and detailed arrangements, including matters relating to privileges and immunities. We will continue to closely liaise with the Government of Saudi Arabia to follow up on the proposal and announce further developments when appropriate.

The Dubai and Riyadh ETOs will share the responsibilities between themselves in accordance with the practical situation, and will be responsible for bilateral relations between Hong Kong and various GCC member states, as well as coverage to important trading partners in North Africa as warranted, with the aim to continually expanding Hong Kong's economic and trade network and enhancing Hong Kong's profile in developing markets such as the Middle East and North Africa, thereby assisting Hong Kong enterprises in discovering new business opportunities.

In view of the huge economic potential of the countries along the Belt and Road (B&R), InvestHK will strengthen investment promotion work by setting up consultant offices along B&R, especially emerging countries in the Middle East, Central Asia and Africa. InvestHK will set up consultant offices in Cairo, the capital of Egypt, and Izmir, the third largest city in Türkiye within 2024-25 to bring in capital and enterprises from high-potential emerging countries along B&R. InvestHK's team based in Hong Kong will continue to work closely with Dedicated Teams and consultant offices along B&R to drive the work to attract foreign investment from B&R countries. They will also collaborate with relevant organisations, chambers of commerce, and professional bodies, etc., to organise investment promotion activities, including meetings, conferences, roadshows, seminars, exhibitions, etc. so as to proactively provide potential investors with the latest information on Hong Kong's business environment and attract enterprises along the B&R countries to set up or expand businesses in Hong Kong. Hong Kong's distinctive advantages of enjoying strong support of the Motherland and being closely connected to the world and other core strengths, as well as the immense opportunities brought about by national strategies including the National 14th Five-Year Plan, the Guangdong-Hong Kong-Macao Greater Bay Area development and B&R Initiative will be highlighted in the promotional activities.

ETOs are the HKSAR Government's official representatives in countries under their respective purviews and have a wide array of responsibilities. With the exception of the Geneva ETO which represents Hong Kong, China in the World Trade Organization and the Trade Committee of the Organisation for Economic Co-operation and Development, the other ETOs are responsible for handling bilateral matters between Hong Kong and countries under their respective purviews (including economic and trade, and cultural exchange matters) and attracting businesses and talents to Hong Kong. Every year, the ETOs are required to conduct and hold various events related to external trade relations, public relations and investment promotion. Besides, apart from Geneva ETO and Washington ETO, the latter of which is mainly responsible for liaising with the political circle in the United States, Dedicated Teams have been established in the other ETOs for attracting enterprises and investment, etc. As regards InvestHK's consultant offices, they have been established in key locations not covered by the Dedicated Teams. Both ETOs and consultant offices perform their respective functions, contributing together to the bilateral economic and trade relations between Hong Kong and other overseas countries.

The Government will continue to, on the basis of the practical situation, consider the corresponding necessity and utility of setting up ETOs and consultant offices, and decide upon the appropriate type of office to be established.

- End -

Reply Serial No.

CEDB114

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1033)

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

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

Programme: (-) -

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

Director of Bureau: Secretary for Commerce and Economic Development

Question:

1) The total revised estimate for 2023-24 is 414,111 ($' 000), which is significantly lower than the original estimate of 595,607 ($' 000). What are the reasons for that?

2) In 2024-25, the establishment of overseas Economic and Trade Offices is expected to increase by 37 posts (19.3%) when compared with that of 2023-24, but there is an increase of $187,426,000 (45.3%) in the estimate. Please explain the reasons in detail.

Asked by: Hon CHAN Yung (LegCo internal reference no.: 12)

Reply:

Under Subhead 000 Operational expenses, the revised estimate for 2023-24 of the overseas Hong Kong Economic and Trade Offices (ETOs) is $414 million, which is $181 million (30.5%) less than the original estimate of $596 million. The reasons include decreased salary expense due to vacant posts and staff changes, as well as decreased operating expenses by the existing ETOs. Besides, the work on setting up new ETOs is still in progress, and it was unnecessary to use the provision reserved for their operating expenses.

For staff establishment, there are 228 posts for the revised estimate for 2023-24 and the 2024-25 estimate, which has increased by 37 posts as compared with that for 2022-23, representing an increase of 19.4%. The increase is mainly due to the need for creating relevant posts by those ETOs established in recent years so that the existing agency staff could be gradually replaced by staff directly employed by the ETOs, and the posts to be created for the new ETOs under planning.

In 2024-25, the estimated expenditure is $602 million, which is $187 million (45.3%) higher than 2023-24 revised estimate of $414 million. This is mainly due to the increased salary provision arising from filling of vacancies and staff changes, anticipated increase in operating expenses of the existing ETOs, as well as the reserved funding for the operation of new ETOs under planning.

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB115

CONTROLLING OFFICER'S REPLY

(Question Serial No. 3251)

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

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

Programme: (2) Public Relations

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

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The overseas Economic and Trade Offices (ETOs) of the Government of the Hong Kong Special Administrative Region play an important role in promoting Hong Kong's international image on the trading and investment fronts, with publicity targeting mainly at the Association of Southeast Asian Nations (ASEAN) region. In this connection, will the Government inform this Committee of the following:

1. How many resources will be set aside for more effectively promoting Hong Kong's image as an international trading centre and investment hub in the ASEAN region?

2. Please provide the existing staff establishment of all overseas ETOs in tabular form.

3. Will the Government consider engaging professional marketing agencies to devise publicity programmes that are more comprehensive and effective? If yes, what are the details? If no, what are the reasons?

Asked by: Hon CHOW Ho-ding, Holden (LegCo internal reference no.: 28)

Reply:

The current-term Government attaches great importance to attracting enterprises and investments to Hong Kong, and the Association of Southeast Asian Nations (ASEAN) markets are one of our key focuses. ASEAN is an energetic and vibrant market and is set to play a crucial role in the Belt and Road Initiative. Since 2010, ASEAN has become Hong Kong's second largest trading partner. The total value of bilateral merchandise trade between Hong Kong and ASEAN has increased by an annual average of 2.7% from 2019 to 2023.

The HKSAR Government has set up 3 overseas Hong Kong Economic and Trade Offices (ETOs) in the ASEAN region, in Bangkok, Jakarta and Singapore respectively, with an aim to strengthening the bilateral relations between Hong Kong and the 10 ASEAN Member States. The aforesaid 3 ETOs are responsible for promoting and explaining the HKSAR Government's various important policies. They also co-operated with and assisted the Chief Executive and his delegation's visit in July 2023 to ASEAN.

The total operational expenses of the Bangkok, Jakarta and Singapore ETOs respectively in 2024-25 Estimate are as follows:

ETO	**2024-25 (Estimate)**
	Total operational expenses ($ million)[Note]
Bangkok	30.6
Jakarta	26.0
Singapore	26.7

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

In order to promote Hong Kong's image as an international trading centre and investment hub to the ASEAN region, the aforesaid 3 ETOs will continue to maintain close contact with local officials, business chambers and media organisations, hold or co-organise different promotional events with other Hong Kong agencies, and encourage foreign capital and businesses to invest in Hong Kong and use Hong Kong as a springboard to the Mainland market.

Promoting Hong Kong's image as an international trading centre and investment hub is a part of the work of the ETOs, the expenditure involved cannot be quantified separately.

The 14 ETOs' staff establishment for the revised estimate for 2023-24 is as follows:

ETO	**Staff establishment (number of posts)**
Bangkok	17
Berlin	17
Brussels	17
Dubai	17
Geneva	15
Jakarta	14
London	19
New York	14
San Francisco	16
Singapore	11
Sydney	13
Tokyo	14
Toronto	11
Washington	18

Promoting Hong Kong as a reliable trading partner and a premier location for doing business has always been one of the main functions of the ETOs. The ETOs will continue to make the best use of resources to discharge their duties under a multi-pronged approach and at different levels. We have no plan to engage professional marketing agencies to handle such promotion work.

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB116

CONTROLLING OFFICER'S REPLY

(Question Serial No. 3284)

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:

1. Please break down by city the respective staff establishment (including Hong Kong-based officers, locally-engaged staff and agency staff), expenditure on salary and total expenditure of the Economic and Trade Offices (ETOs) in the 2023-24 financial year.

2. Further to the above question, what are the staff establishment and estimated expenditures of the respective ETOs for the coming financial year?

3. Please list the arts, cultural or sport events held by the overseas ETOs in the past year, together with the expenditures incurred.

Asked by: Hon CHOW Ho-ding, Holden (LegCo internal reference no.: 19)

Reply:

The staff establishment, personal emoluments and total operational expenses of the 14 overseas Hong Kong Economic and Trade Offices (ETOs) for the revised estimate for 2023-24 and the estimate for 2024-25 are as follows:

ETO	2023-24 (Revised Estimate)			2024-25 (Estimate)		
	Staff establishment (number of posts)	Personal emoluments Note 1 ($ million)	Total operational expenses Note 2 ($ million)	Staff establishment (number of posts)	Personal emoluments Note 1 ($ million)	Total operational expenses Note 2 ($ million)
Bangkok	17	10.3	24.4	17	13.1	30.6
Berlin	17	12.4	26.5	17	16.8	32.5
Brussels	17	20.2	35.5	17	28.5	47.6
Dubai	17	15.7	32.1	17	17.1	37.6
Geneva	15	24.1	42.4	15	29.8	50.0
Jakarta	14	10.3	21.7	14	12.7	26.0
London	19	14.5	33.5	19	18.6	41.7
New York	14	15.5	33.2	14	17.0	39.6
San Francisco	16	15.8	30.2	16	19.9	36.5
Singapore	11	10.5	22.1	11	14.3	26.7
Sydney	13	10.2	25.2	13	13.0	30.5
Tokyo	14	12.0	32.2	14	15.3	38.0
Toronto	11	9.2	19.1	11	11.6	23.7
Washington	18	20.7	36.0	18	25.3	45.1

Note 1: The expenditure on personal emoluments includes salaries and allowances.
Note 2: Total operational expenses include personal emoluments, personnel related expenses, departmental expenses and other charges.

On 31 March 2024, the existing 14 ETOs have a staff establishment of 213 posts, including 61 Hong Kong-based officer posts and 152 locally-engaged (LE) staff posts. The ETOs also hire agency staff to fill temporarily vacant LE staff posts, or to meet short-term operational needs. We anticipate that the staff establishment for the existing 14 ETOs will remain unchanged in 2024-25.

The ETOs (except the Geneva ETO which specialises in matters related to the World Trade Organization and the Trade Committee of the Organisation for Economic Co-operation and Development) not only strive to strengthen Hong Kong's economic and trade relationships with foreign countries, but also assist the Culture, Sports and Tourism Bureau and under which the Leisure and Cultural Services Department (LCSD) in organising, sponsoring and participating in different arts and cultural events in the countries and regions under the respective purview of the ETOs (including the countries along the Belt and Road). These events include film festivals, concerts, dance performances, arts exhibitions, etc., and Hong Kong people from various sectors (including film directors, actors, designers, emerging artists) are invited to participate. The ETOs also support Hong Kong's arts and cultural groups of different sizes to conduct exchanges and give performances overseas.

In 2023, the ETOs continued to actively organise/support various arts, cultural and sports events, including:

In the Asia-Pacific region, the Tokyo ETO sponsored the Hong Kong Chinese Orchestra to stage a total of four full orchestra performances in Tokyo, Sapporo, Nishinomiya in Hyogo Prefecture and Nagoya in March and April 2023. In July 2023, the Singapore ETO sponsored the Sing Fai Cantonese Opera Promotion Association to stage Cantonese opera performances and conduct cultural exchange activities in Singapore, facilitating the collaboration between Hong Kong and Singapore in promoting traditional Chinese culture. In October 2023, the Sydney ETO participated in the OzAsia Festival organised by the Adelaide Festival Centre with, among others, a 40-metre-long Hong Kong Dragon displayed in the Moon Lantern Trail to showcase to Australians the distinguished feature of Hong Kong as an East-meets-West centre, and enhance the cultural exchange between Hong Kong and Australia. In the same month, the Bangkok ETO supported the LCSD in organising the "Hong Kong Week 2023@Bangkok" in Bangkok, Thailand, with programmes covering music, dance, films, intangible cultural heritage exhibitions and fashion design to showcase the fascinating arts and culture of Hong Kong to the Thai people.

In Europe, the London ETO supported UK Chinese Dragon Boat Festival which attracted participation of 55 teams in June 2023, promoting traditional Chinese culture and facilitating East-meets-West cultural exchange. The ETO also hosted a reception themed "Hong Kong Happy Hour" in October 2023, greeting creative talents from Hong Kong and over 50 guests from the local cultural and business sectors, and highlighting Hong Kong's status as the "Hollywood of the East". The Berlin ETO sponsored several film festivals, including the Zurich Film Festival in Zurich, Switzerland in September 2023. These festivals featured Hong Kong films with photo exhibitions, Q&A sessions, opening receptions, etc. so as to introduce the latest developments in Hong Kong's arts and cultural scene from different perspectives.

In North America, the New York ETO sponsored the 2022-2023 Professional Squash Association World Championships in May 2023. 6 Hong Kong players competed in the championship, showcasing Hong Kong elite athletes' talent. The Director of the New York ETO served as the officiating guest of the 44th Boston Hong Kong Dragon Boat Festival in June 2023, promoting Chinese culture to various local sectors. The Festival attracted more than 50 000 audience. In July 2023, the San Francisco ETO supported an internationally renowned sculptor from Hong Kong to showcase over 40 sculptures and paintings in Los Angeles and participate in Master Chu's Talk and the Artist Forum, facilitating cultural exchanges between Hong Kong and the United States.

In the Middle East, with the support of the Dubai ETO, a retrospective show featuring 8 cinematic masterpieces of director Wong Kar-wai was held in May 2023 at Dubai's Cinema Akil, an independent cinema. The show was well-received by the local audience, with a total of about 2 300 audience watching 20 screenings, among which 9 were full-house screenings.

As organising and supporting arts, cultural and sports events is a part of the overall public relations work of the ETOs, the expenditure involved cannot be quantified separately.

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB117

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1977)

Head:	(96) Government Secretariat: Overseas Economic and Trade Offices
Subhead (No. & title):	(-) -
Programme:	(-) -
Controlling Officer:	Permanent Secretary for Commerce and Economic Development (Miss Eliza LEE)
Director of Bureau:	Secretary for Commerce and Economic Development

Question:

It is stated in the 2023 Policy Address that, among other policy objectives, the Economic and Trade Offices (ETOs) will strengthen their promotion work on arts and culture, deepening cultural exchanges and promoting people-to-people bonds. However, there are not any concrete funding plans for this measure under the 3 Programmes. In this connection, please inform this Committee:

1. of the specific plans and measures, if any, for the ETOs to implement their promotion work on arts and culture, as well as the staffing establishment in this area; and

2. whether the Government has any plans to further allocate additional resources to the ETOs, so as to support the creation of a new Hong Kong tourism brand.

Asked by: Hon FOK Kai-kong, Kenneth (LegCo internal reference no.: 7)

Reply:

In consultation with the Culture, Sports and Tourism Bureau (CSTB), our consolidated reply is as follows:

The overseas Hong Kong Economic and Trade Offices (ETOs) (except the Geneva ETO which specialises in matters related to the World Trade Organization and the Trade Committee of the Organisation for Economic Co-operation and Development) not only strive to strengthen Hong Kong's economic and trade relationships with foreign countries, but also assist CSTB and under which the Leisure and Cultural Services Department (LCSD) in organising, sponsoring and participating in different arts and cultural events in the countries and regions under the respective purview of the ETOs (including the countries along the Belt and Road). These events include film festivals, concerts, dance performances, arts exhibitions, etc., and Hong Kong people from various sectors (including film directors, actors, designers, emerging artists, etc.) are invited to participate. The ETOs also support Hong Kong's arts and cultural groups of different sizes to conduct exchanges and give performances overseas. In 2023, the ETOs continued to actively organise/support various arts, cultural and sports events, including:

- In the Asia-Pacific region, the Singapore ETO sponsored the Sing Fai Cantonese Opera Promotion Association to stage Cantonese opera performances and conduct cultural exchange activities in Singapore in July, facilitating the collaboration between Hong Kong and Singapore in promoting traditional Chinese culture. In October, the Sydney ETO participated in the OzAsia Festival organised by the Adelaide Festival Centre with, among others, a 40-metre-long Hong Kong Dragon displayed in the Moon Lantern Trail to showcase to Australians the distinguished feature of Hong Kong as an East-meets-West centre, and enhance the cultural exchange between Hong Kong and Australia.

- In Europe, the London ETO supported UK Chinese Dragon Boat Festival which attracted participation of 55 teams in June 2023, promoting traditional Chinese culture and facilitating East-meets-West cultural exchange. The Berlin ETO sponsored several film festivals, including the Zurich Film Festival in Zurich, Switzerland in September. These festivals featured Hong Kong films with photo exhibitions, Q&A sessions, opening receptions, etc. so as to introduce the latest developments in Hong Kong's arts and cultural scene from different perspectives.

- In North America, the New York ETO sponsored the 2022-2023 Professional Squash Association World Championships in May 2023. 6 Hong Kong players competed in the championship, showcasing Hong Kong elite athletes' talent. In July, the San Francisco ETO supported an internationally renowned sculptor from Hong Kong to showcase over 40 sculptures and paintings in Los Angeles and participate in Master Chu's Talk and the Artist Forum, facilitating cultural exchanges between Hong Kong and the United States.

- In the Middle East, with the support of the Dubai ETO, a retrospective show featuring 8 cinematic masterpieces of director Wong Kar-wai was held in May 2023 at Dubai's Cinema Akil, an independent cinema. The show was well-received by the local audience, with a total of about 2 300 audience watching 20 screenings, among which 9 were full-house screenings.

The ETOs have also worked with CSTB and relevant bureaux, departments and agencies, including the Hong Kong Tourism Board, to promote the development of Hong Kong's tourism sector, thereby enhancing Hong Kong's image on the international stage. In 2023, the relevant events conducted by the ETOs include:

- The New York ETO participated in the "Travel to Hong Kong" seminar in April 2023. The Director of the New York ETO, alongside relevant staff from the Hong Kong Tourism Board and Cathay Pacific, introduced the "Hello Hong Kong" campaign to over 100 attendees and highlighted the fact that Hong Kong had resumed full normalcy and stood ready to welcome foreign visitors at any time.

- In June 2023, the Toronto ETO, in conjunction with Invest Hong Kong and the Hong Kong Tourism Board, promoted, at the technology conference Collision 2023 held in Toronto, Hong Kong's position as a leading hub for Web3 in Asia and beyond, with an aim to attracting individuals with an interest in technological development and virtual assets to visit Hong Kong, and experience our vibrancy as an advanced city.

Commencing from 2024-25, the annual recurrent funding for cultural exchange work conducted by CSTB will be increased by $20 million, the purposes of which include supporting, through the ETOs, more Hong Kong art groups and artists to perform, hold exhibitions and join other events at overseas locations, and facilitating the ETOs to acquire additional manpower to enhance promotional work in culture and arts. Relevant resources have been subsumed into the Head under the purview of CSTB and are therefore not reflected in the Programme(s) under CEDB's Head. The ETOs will also continue to support CSTB in forging Hong Kong's tourism brand, and CSTB will, when formulating tourism promotion policies, consider whether to devote additional resources to the ETOs.

As promoting Hong Kong's international image is a part of the overall public relations work of the ETOs, the expenditure involved cannot be quantified separately.

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB118

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1174)

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

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

Programme: (3) Investment Promotion

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

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is mentioned in paragraphs 154 to 156 of the Budget Speech that the Government will further expand Hong Kong's economic and trade network overseas to help the business sector explore emerging markets. In this connection, will the Government inform this Committee of the following:

1. Please specify the publicity campaigns launched, expenditures and staff establishment involved in promoting Hong Kong by each overseas Economic and Trade Office (ETO) in the last 3 years with a detailed breakdown;

2. Has the Government assessed the effectiveness of the publicity campaigns and formulated improvement measures accordingly? If yes, what are the details? If no, what were the reasons?

3. The Dubai ETO strengthened the staffing of its Dedicated Team for Attracting Businesses and Talents (the Team) last April to step up investment promotion efforts in the Middle East. Please specify with a detailed breakdown: (i) the details of staff establishment changes; (ii) the investment promotion activities carried out by the Team in the past 3 years; (iii) the countries and regions covered; and (iv) the expenditure incurred by each activity; and

4. It is mentioned in paragraphs 155 to 156 of the Budget Speech that the Government intends to establish an ETO each in Riyadh and Kuala Lumpur while planning to set up a total of 4 consultant offices in Turkey, Egypt and along the Belt and Road route. Please specify the estimates and staff establishments to be involved regarding the additional ETOs and consultant offices with a detailed breakdown.

Asked by: Hon IP LAU Suk-yee, Regina (LegCo internal reference no.: 23)

Reply:

As the official overseas representatives of the HKSAR Government, the 14 overseas Hong Kong Economic and Trade Offices (ETOs) are committed to maintaining close communication and contact with overseas interlocutors from different sectors and the international community, promoting and explaining the Government's important policies and Hong Kong's unique advantages and opportunities under "One Country, Two Systems", as well as telling the good stories of Hong Kong.

In addition to regularly providing stakeholders (including think tanks, academic institutions and business organisations) in countries and regions under the ETOs' purview with the latest information on Hong Kong through newsletters and social media, the ETOs have direct dialogues with them, meet with the media, and take the initiative to publish articles to rebut biased reports so as to set the record straight.

In the past 3 years, the ETOs organised over 2 000 publicity events (including seminars, exhibitions, workshops, public relations and cultural functions held virtually or physically) to promote Hong Kong. The following are some examples of events that help the business sector, arts groups and creative industries in Hong Kong to tap into the overseas markets.

In 2021-22, in order to promote Hong Kong's arts, culture and creative industries, the Toronto ETO hosted the "Hong Kong Week" from June to July to showcase Hong Kong's strengths, advantages and opportunities. Being one of the events, the "Transformative Chic – The Everlasting Cheongsam Roving Exhibition" included physical exhibitions of contemporary cheongsams and relevant photos in Toronto and Vancouver, as well as online exhibitions, talks and workshops. The New York ETO partnered with the New York Asian Film Festival to present 15 Hong Kong films under the "Hong Kong Panorama film" series for virtual, in-theatre and outdoor screening at its annual film festival in August. The Berlin ETO sponsored the Hong Kong Chopin Society in organising the "Joy of Music Festival 2021" in October, which presented concerts and master classes in Vienna, Austria and Hong Kong with live streaming. The Jakarta ETO supported the Hong Kong Film Gala Presentation held in Kuala Lumpur, Malaysia and Jakarta, Indonesia in November. Through a series of Hong Kong productions directed by revered auteurs and promising young directors, the event highlighted the variety and creativity of Hong Kong's film industry. The Tokyo ETO sponsored the Hong Kong Arts Centre in organising the "Hong Kong Comix Exhibition" in Seoul, Korea in November, which showcased the history and development of Hong Kong comics as well as a set of thematic creations by Hong Kong artists. The Sydney ETO organised the movie screening event "Hong Kong Movie Night – Anita" in December.

In 2022-23, in order to help Hong Kong's business sector to explore emerging markets in the Middle East, through the assistance and arrangement of Dubai ETO, the Chief Executive (CE) led 3 Secretaries of Departments and Directors of Bureaux, as well as a business delegation of more than 30 high-level representatives from Hong Kong's business and professional sectors, to visit Saudi Arabia and the United Arab Emirates (UAE) in February 2023. The visit aimed at enhancing connections between Hong Kong and the 2 countries in various areas such as trade, investment and culture, with a view to realising business opportunities for Hong Kong. During the visit, Hong Kong and the enterprises and institutions of the 2 countries signed a total of 13 high quality memoranda of understanding or letters of intent, building a solid foundation for the long-term development of Hong Kong businesses in the Middle East region, while in the meantime attracting the enterprises in the region to invest in

Hong Kong. Subsequent to the delegation's visit led by the CE to Saudi Arabia and the UAE, various Hong Kong chambers of commerce, professional bodies and non-government organisations conducted visits to the Middle East region. An example was a delegation comprising members of the Hong Kong Law Society and other legal practitioners in Hong Kong to Dubai in early March 2023 for attending the annual meeting of the Inter-Pacific Bar Association. Together with the Hong Kong Law Society, the Dubai ETO co-organised exchange events to promote Hong Kong's legal and dispute resolution services to the legal sector, business sector, entrepreneurs and government officials in Dubai.

In 2023-24, in order to help Hong Kong's business sector to tap into the emerging markets in the Association of Southeast Asian Nations (ASEAN), the Bangkok ETO supported the "Hong Kong Art Toy Story 2023" at the Thailand Toy Expo 2023 in April 2023, funded by Create Hong Kong, to showcase Hong Kong's creative designs to the Thai market. In May 2023, the Dubai ETO rendered support to the Hong Kong Monetary Authority in leading a delegation comprising major banks to visit the UAE, during which a luncheon was organised for the delegates, to strengthen the promotion of Hong Kong's role as a major international financial centre. Through the coordination and arrangement of the Jakarta and Singapore ETOs, CE led 5 Secretaries of Departments and Directors of Bureaux, as well as a business delegation of more than 30 high-level representatives from the business sector to visit 3 member states of the ASEAN, namely Singapore, Indonesia and Malaysia, in July, telling the good stories of Hong Kong to the political and business sectors in the region. During this visit, 33 high quality memoranda of understanding or agreements were signed, injecting new impetus into Hong Kong's business and professional communities to expand into the ASEAN markets.

The staff establishment and total operational expenses of the 14 ETOs in the past three years are as follows:

ETO	2021-22 (Actual)		2022-23 (Actual)		2023-24 (Revised Estimate)	
	Staff establishment (number of posts)	Total operational expenses Note ($ million)	Staff establishment (number of posts)	Total operational expenses Note ($ million)	Staff establishment (number of posts)	Total operational expenses Note ($ million)
Bangkok	17	26.3	17	27.2	17	24.4
Berlin	17	25.6	17	31.7	17	26.5
Brussels	18	31.5	18	40.5	17	35.5
Dubai	17	22.7	17	25.0	17	32.1
Geneva	15	36.5	15	36.0	15	42.4
Jakarta	14	16.7	14	23.4	14	21.7
London	18	33.5	18	37.3	19	33.5
New York	14	28.5	14	45.3	14	33.2
San Francisco	16	26.0	16	31.1	16	30.2
Singapore	11	23.5	11	26.8	11	22.1
Sydney	13	26.4	13	29.9	13	25.2
Tokyo	14	29.7	14	37.9	14	32.2
Toronto	11	17.2	11	19.7	11	19.1

ETO	2021-22 (Actual)		2022-23 (Actual)		2023-24 (Revised Estimate)	
	Staff establishment (number of posts)	**Total operational expenses Note ($ million)**	**Staff establishment (number of posts)**	**Total operational expenses Note ($ million)**	**Staff establishment (number of posts)**	**Total operational expenses Note ($ million)**
Washington	18	27.6	18	28.6	18	36.0

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

Promoting Hong Kong is a part of the overall work of the ETOs, the expenditure and manpower involved cannot be quantified separately.

We have already set various indicators for evaluating the performance of ETOs' services, which cover the 3 Programmes, namely "Commercial Relations", "Public Relations" and "Investment Promotion". Besides, according to the key performance indicators included in the 2022 Policy Address, the ETOs will continue to strengthen the promotion of Hong Kong's strengths and opportunities to overseas audiences. The relevant indicators in 2024 (i.e. the numbers of (i) visits to Governments and organisations of countries and regions under the ETOs' respective purview, (ii) attending speaking occasions, (iii) conducting media interviews or briefings, and (iv) staging forums, exhibitions, seminars and promotional activities) have increased by at least 20% as compared with those of 2022. After organising, co-organising or participating in the promotional activities, the ETOs will also evaluate the effectiveness of the activities by assessing the number of participants, their response or comments on the activities and the media reports, etc., and formulate relevant improvement measures when necessary.

To reinforce investment promotion efforts in the Middle East, the manpower for the Dedicated Team for Attracting Businesses and Talents (Dedicated Team) of the Dubai ETO was strengthened in April 2023 to reach out to potential investors from the member states of the Cooperation Council for the Arab States of the Gulf (namely Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE). The Dedicated Team has organised investment promotion activities, including conferences, investment promotion visits, forums, seminars and high-level conferences, etc. in various Middle East cities, such as Doha in Qatar, Riyadh and Jeddah in Saudi Arabia, Kuwait City in Kuwait, Dubai and Abu Dhabi in the UAE and Muscat in Oman, to introduce the latest developments of Hong Kong and promote Hong Kong as an ideal investment destination in Asia, so as to attract companies from the Middle East to set up or expand businesses in Hong Kong.

The Dedicated Team of the Dubai ETO consists of one Head of Business and Talent Attraction/Investment Promotion, one Deputy Head of Business and Talent Attraction/Investment Promotion, one Head of Family Office, Middle East and one Assistant Manager of Business and Talent Attraction/Investment Promotion. Among them, the post of Head of Family Office, Middle East, created in 2023-24, was funded by the additional provision allocated to Invest Hong Kong (InvestHK) under the support of the Financial Services and the Treasury Bureau. This post aims at helping the global family offices and asset owners develop vibrantly in Hong Kong.

As the above investment promotion work in the Middle East is a part of the regular work of InvestHK and the Dubai ETO, the expenditures have been subsumed into their respective overall estimates and cannot be quantified separately.

We are discussing the plan to set up an ETO in Riyadh and Kuala Lumpur with the Governments of Saudi Arabia and Malaysia through the Consuls-General of Saudi Arabia and Malaysia in Hong Kong respectively. Generally speaking, setting up new ETOs involves various considerations and detailed arrangements, including matters relating to privileges and immunities. We will continue to closely liaise with the Governments of Saudi Arabia and Malaysia to follow up on the proposal and announce further developments when appropriate.

We will take into due consideration the scope of duties, country coverage and operational needs of the new ETOs in working out the estimated expenditure for the new ETOs. Generally speaking, an ETO comprises 5 Hong Kong-based officers and 12 locally-engaged staff with total operational expenses estimated to be around $30 million per year. We expect the manpower and resources required by the new ETOs to be similar to those of the existing ETOs.

In view of the huge economic development potential of the countries along the Belt and Road, InvestHK will strengthen investment promotion work by setting up consultant offices along the Belt and Road, especially in emerging countries in the Middle East, Central Asia and Africa. InvestHK will set up consultant offices in Cairo, the capital city of Egypt, and Izmir, the third largest city in Türkiye respectively within 2024-25 to bring in capital and enterprises from high-potential emerging countries in the Middle East and North Africa. Furthermore, the Hong Kong Trade Development Council will in 2024-25 set up additional consultant offices in Dhaka, the capital city of Bangladesh, and Phnom Penh, the capital city of Cambodia to strengthen trade promotion in emerging countries. Setting up the above-mentioned 4 consultant offices will incur an estimated annual expenditure of around $4.65 million.

- End -

Reply Serial No.

CEDB119

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0843)

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:

With regard to the Government's consideration in setting up new overseas Economic and Trade Offices (ETOs) in Saudi Arabia, Egypt and Turkey, please provide relevant details and estimates of its plan.

Asked by: Hon LAM San-keung (LegCo internal reference no.: 15)

Reply:

We are discussing the plan to set up an overseas Economic and Trade Office (ETO) in Riyadh with the Government of Saudi Arabia through the Consul-General of Saudi Arabia in Hong Kong. Generally speaking, setting up new ETOs involves various considerations and detailed arrangements, including matters relating to privileges and immunities. We will continue to closely liaise with the Government of Saudi Arabia to follow up on the proposal and announce further developments when appropriate.

We will take into due consideration the scope of duties, country coverage and operational needs of the new ETOs in working out the estimated expenditure for the new ETOs. Generally speaking, an ETO comprises 5 Hong Kong-based officers and 12 locally-engaged staff with total operational expenses estimated to be around $30 million per year. We expect the manpower and resources required by the new ETOs to be similar to those of the other ETOs.

In addition, Invest Hong Kong will set up consultant offices in Cairo, the capital of Egypt, and Izmir, the third largest city in Türkiye respectively within 2024-25 to bring in capital and enterprises from high-potential emerging countries in the Middle East and North Africa. The total estimated annual expenditure of the above two consultant offices is around $3 million.

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB120

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0844)

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:

With regard to the Government's consideration in setting up a new overseas Economic and Trade Office (ETO) in Kuala Lumpur, Malaysia, please provide relevant details and estimates of its plan.

Asked by: Hon LAM San-keung (LegCo internal reference no.: 16)

Reply:

We are discussing the plan to set up an overseas Economic and Trade Office (ETO) in Kuala Lumpur with the Government of Malaysia through the Consul-General of Malaysia in Hong Kong. Generally speaking, setting up new ETOs involves various considerations and detailed arrangements, including matters relating to privileges and immunities. We will continue to closely liaise with the Government of Malaysia to follow up on the proposal and announce further developments when appropriate.

We will take into due consideration the scope of duties, country coverage and operational needs of the new ETOs in working out the estimated expenditure for the new ETOs. Generally speaking, an ETO comprises 5 Hong Kong-based officers and 12 locally-engaged staff with total operational expenses estimated to be around $30 million per year. We expect the manpower and resources required by the new ETOs to be similar to those of the other ETOs.

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB121

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2711)

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 financial provision and key performance measures for 2022, 2023 and 2024, while the performance level was better in 2023 as compared with that in 2022, the revised estimate for 2023 was less than the actual provision for 2022. Furthermore, while the performance level in 2024 is expected to be similar to that in 2023, the estimated provision for 2024 is 44.9% higher than the revised estimate for 2023. In this connection, will the Government inform this Committee:

1. of the reasons for the revised estimate for 2023 being 30% less than the original estimate; and

2. given that the estimated expenditure for 2024 is 44.9% higher than the revised estimate for 2023 despite the performance level expected in 2024 being similar to the actual performance in 2023, of the reasons for the increase in estimated expenditure for 2024 being disproportionate to the performance level?

Asked by: Hon LAM San-keung (LegCo internal reference no.: 35)

Reply:

Under Programme (1) "Commercial Relations", the revised estimate for 2023-24 of the overseas Hong Kong Economic and Trade Offices (ETOs) is $197 million, which is $84.4 million (30.0%) less than the original estimate of $281 million. The reasons include decreased salary expense due to vacant posts and staff changes, as well as decreased operating expenses by the existing ETOs. Besides, the work on setting up new ETOs is still in progress, and it was unnecessary to use the provision reserved for their operating expenses.

In 2024-25, the estimated expenditure under Programme (1) is $285 million, which is $88.3 million (44.9%) higher than the revised estimate for 2023-24. This is mainly due to the increased salary provision arising from filling of vacancies and staff changes, anticipated increase in operating expenses of the existing ETOs, as well as the reserved funding for the operation of new ETOs under planning.

We have already set various indicators for evaluating the performance of ETOs' services, which cover the 3 Programmes, namely "Commercial Relations", "Public Relations" and "Investment Promotion". In fact, according to the key performance indicators included in the 2022 Policy Address, the ETOs will continue to strengthen the promotion of Hong Kong's strengths and opportunities to overseas audiences. The relevant indicators in 2024 (i.e. numbers of (i) visits to Governments and organisations of countries and regions under the ETOs' respective purview, (ii) attending speaking occasions, (iii) conducting media interviews/briefings, and (iv) staging forums, exhibitions, seminars and promotional activities) have increased by at least 20% as compared with those of 2022.

Meanwhile, the HKSAR Government has all along strived to expand our network of ETOs, so as to enhance our external promotion and communication, and to explore new business opportunities for Hong Kong. The existing ETOs (including the Dubai ETO as well as the Bangkok, Jakarta and Singapore ETOs in the Association of Southeast Asian Nations region) will, through various means, continue to strengthen the bilateral relations between Hong Kong and countries along the Belt and Road, foster closer trade and economic relationships with our regional trade partners, as well as promote and explain important HKSAR Government policies, thereby furthering Hong Kong's trade and economic interests.

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB122

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2712)

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

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

Programme: (2) Public Relations

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

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Serving as a point of contact for Hong Kong students studying abroad, the Overseas Economic and Trade Offices are tasked with organising activities to attract the return of Hong Kong people. In this connection, will the Government inform this Committee of:

1. the frequency of liaisons with Hong Kong students studying abroad and types of information provided to them;

2. the number of activities organised for these students, the number of student attendees and the total expenditure involved in 2023?

Asked by: Hon LAM San-keung (LegCo internal reference no.: 36)

Reply:

The overseas Hong Kong Economic and Trade Offices (ETOs) are the official representatives of the HKSAR Government in countries and regions under their respective purview. Their responsibilities are to strengthen relations and liaison with local political and business sectors at the governmental level, and to handle bilateral economic and cultural matters between Hong Kong and the countries and regions under their respective purview.

In addition, maintaining liaison with the Hong Kong businessmen and community (including Hong Kong students studying abroad) in the countries and regions under their respective purview is also an important part of the daily liaison work of the ETOs. For example, ETOs organise different events including exchange gatherings, seminars and exhibitions, etc., and arrange senior officials to attend events in local universities, so as to enable the overseas Hong Kong students to understand Hong Kong's latest developments, living and working environment and career opportunities. To attract these students to return to Hong Kong, ETOs proactively promote Hong Kong's unique status, advantages and opportunities through different platforms and events, and encourage the students to return to Hong Kong for development and to jointly tell good stories of Hong Kong.

ETOs do not maintain statistics on the number of overseas Hong Kong students who have participated in the events mentioned above. As liaison with the overseas Hong Kong students is a part of the overall public relations work of the ETOs, the expenditure involved cannot be quantified separately.

- End -

CEDB123

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1757)

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

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

Programme: (-) -

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

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is stated in paragraph 154 of the Budget Speech that the Government has been expanding Hong Kong's economic and trade network overseas to help the business sector explore emerging markets. In this connection, will the Government please reply to this Committee on the following:

(1) the current number of Economic and Trade Offices (ETOs) set up in Middle East and Association of Southeast Asian Nations (ASEAN) countries;

(2) the expenditures of the ETOs in Middle East and ASEAN countries in the past 3 years, broken down by country/region; and

(3) the expected number of Middle East and ASEAN enterprises that will be attracted to Hong Kong this year?

Asked by: Hon LAM Shun-chiu, Dennis (LegCo internal reference no.: 36)

Reply:

The HKSAR Government has 1 and 3 overseas Hong Kong Economic and Trade Offices (ETOs) in the Middle East and the Association of Southeast Asian Nations (ASEAN) region respectively (viz. in Dubai, Bangkok, Jakarta and Singapore). The Dubai ETO, which is our 14th ETO and the first one in the Middle East region [Note 1], is dedicated to strengthening bilateral relations between Hong Kong and the member states of the Cooperation Council for the Arab States of the Gulf. For the Bangkok, Jakarta and Singapore ETOs, they are dedicated to strengthening bilateral relations between Hong Kong and the 10 ASEAN member states. The geographical coverage of the aforesaid 4 ETOs is as follows:

Dubai ETO	Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates
Singapore ETO	Laos, Singapore, Vietnam and India
Jakarta ETO	Brunei Darussalam, Indonesia, Malaysia and the Philippines, as well as representing the HKSAR Government in matters between Hong Kong and ASEAN as a whole
Bangkok ETO	Cambodia, Myanmar, Thailand and Bangladesh

The total operational expenses of the aforesaid 4 ETOs in the past 3 years are tabulated as follows:

ETO	**2021-22 (Actual)**	**2022-23 (Actual)**	**2023-24 (Revised estimate)**
	Total operational expenses*($ million)		
Dubai	22.7	25.0	32.1
Bangkok	26.3	27.2	24.4
Jakarta	16.7	23.4	21.7
Singapore	23.5	26.8	22.1

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

As each ETO's work covers several countries or regions at the same time, the expenditure on each individual country or region cannot be quantified separately.

Except for the Geneva ETO which specialises in matters related to the World Trade Organization and the Trade Committee of the Organisation for Economic Co-operation and Development, and the Washington ETO which is mainly responsible for liaising with the political circle in the United States, each of the remaining 12 ETOs has set up a Dedicated Team for Attracting Businesses and Talents (the Dedicated Team), in line with the Government's "Competing for Talents and Enterprises" strategy and objective. The Dedicated Teams of the Dubai, Bangkok, Jakarta and Singapore ETOs have been all along working closely with Invest Hong Kong (InvestHK). They take forward the investment promotion work to attract foreign investments from the Middle East and ASEAN regions, and collaborate with relevant organisations, chambers of commerce, and professional bodies, etc. to organise investment promotion activities, including meetings, conferences, roadshows, seminars, exhibitions, etc., within the regions. In order to attract the enterprises in the Middle East and ASEAN regions to set up or expand their businesses in Hong Kong, they also proactively provide potential investors and companies in the regions with the latest information on Hong Kong's business environment, and highlight Hong Kong's distinctive advantages of enjoying strong support of the Motherland and being closely connected to the world under "One Country, Two Systems" and other core strengths, as well as the immense opportunities brought about by key national strategies including the National 14th Five-Year Plan, the Guangdong-Hong Kong-Macao Greater Bay Area development and the Belt and

Road Initiative. In 2024, the target number of projects completed [Note 2] by InvestHK with the assistance of the Dedicated Teams of these 4 ETOs is about 30.

Note 1: The HKSAR Government currently has 14 ETOs which are located in Bangkok, Berlin, Brussels, Dubai, Geneva, Jakarta, London, New York, San Francisco, Singapore, Sydney, Tokyo, Toronto and Washington DC respectively.

Note 2: Projects completed refer to investment projects each resulting in an overseas company setting up or undergoing a significant expansion in Hong Kong.

- End -

CEDB124

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0602)

Head: (96) Government Overseas Economic and Trade Offices

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

Programme: (3) Investment Promotions

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 under the Aim of the Programme of Investment Promotion that in close collaboration with Invest Hong Kong, the overseas Economic and Trade Offices (ETOs) promote the attractiveness of Hong Kong as an international financial and business centre and provide assistance and support to overseas companies to establish or expand operations in Hong Kong. Will the Government inform this Committee of the following:

What were the numbers of overseas companies having established or expanded operations in Hong Kong with the support of the overseas ETOs in the past 3 years? What was the amount of funding involved? What are the business areas of their investments?

Asked by: Hon LAM Siu-lo, Andrew (LegCo internal reference no.: 23)

Reply:

In the past 3 years, the total number, investment amount and business areas of the projects completed by Invest Hong Kong with the assistance of the Dedicated Teams for Attracting Businesses and Talents [Note 1] (and the Investment Promotion Units before their transformation) of the overseas Hong Kong Economic and Trade Offices are as follows:

Year	Number of projects completed [Note 2]	Investment amount ($ million)	Business areas (breakdown)
2023	124	3,011.5	Business and Professional Services (16); Creative Industries (16); Consumer Products (7); Financial Services and Fintech (31); Family Offices (2); Innovation and Technology (24); Tourism and Hospitality (16); Transport and Industrial (12)

Year	Number of projects completed [Note 2]	Investment amount ($ million)	Business areas (breakdown)
2022	91	3,377.7	Business and Professional Services (13); Creative Industries (8); Consumer Products (9); Fintech (5); Financial Services and Family Offices (17); Innovation and Technology (19); Tourism and Hospitality (15); Transport, Infrastructure and Advanced Manufacturing (5)
2021	131	2,469.9	Business and Professional Services (16); Creative Industries (15); Consumer Products (9); Fintech (10); Financial Services and Family Offices (19); Innovation and Technology (25); Tourism and Hospitality (19); Transport, Infrastructure and Advanced Manufacturing (18)

Note 1: The Dedicated Teams for Attracting Businesses and Talents were established in December 2022.
Note 2: The term "projects completed" refers to investment projects each resulting in an overseas company setting up or undergoing a significant expansion in Hong Kong.

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB125

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2579)

Head:	(96) Government Secretariat: Overseas Economic and Trade Offices
Subhead (No. & title):	(-) -
Programme:	(-) -
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 Matters Requiring Special Attention in 2024-25 under this Programme that the Government will continue to enhance Hong Kong's international image in trade and investment and strengthen cultural promotion work in support of the Culture, Sports and Tourism Bureau through the network of overseas Economic and Trade Offices (ETOs), as well as enhance their functions and expand the ETO network. In this connection, would the Government please inform this Committee of the following:

1) In tabular form for each ETO, information on its (i) operating expenditure, (ii) expenditure on activities, (iii) staff establishment and (iv) salary expenditure in the past 3 financial years and the estimates for the coming financial year;

2) What are the medians of the average rents for staff accommodation among the ETOs in the past 3 financial years and for the coming financial year? Which ETO has recorded the highest rent for staff accommodation and what are the details?

3) Does the Government have any plans to establish new ETOs in foreign countries in the coming financial year? If yes, what are the specific details, staff establishment and related expenditure?

4) The United States (US) House Foreign Affairs Committee has passed the Hong Kong Economic and Trade Office Certification Act earlier. Once the legislation is passed by both the Senate and the House of Representatives, the US President will be required to annually certify whether the ETOs in the US merit the extension of the privileges, exemptions and immunities they currently maintain. How does the Government plan to react to this Act? Will it adjust the staff establishment and estimated expenditure of the ETOs in the US and take countermeasures?

Asked by: Hon LAU Ip-keung, Kenneth (LegCo internal reference no.: 34)

Reply:

The staff establishment, personal emoluments and total operational expenses of the 14 overseas Hong Kong Economic and Trade Offices (ETOs) in the past 3 years and in 2024-25 are as follows:

ETO	2021-22 (Actual)			2022-23 (Actual)			2023-24 (Revised Estimate)			2024-25 (Estimate)		
	Staff establishment	Personal emoluments Note 1 ($ million)	Total operational expenses Note 2 ($ million)	Staff establishment	Personal emoluments Note 1 ($ million)	Total operational expenses Note 2 ($ million)	Staff establishment	Personal emoluments Note 1 ($ million)	Total operational expenses Note 2 ($ million)	Staff establishment	Personal emoluments Note 1 ($ million)	Total operational expenses Note 2 ($ million)
Bangkok	17	9.8	26.3	17	10.8	27.2	17	10.3	24.4	17	13.1	30.6
Berlin	17	13.4	25.6	17	13.7	31.7	17	12.4	26.5	17	16.8	32.5
Brussels	18	20.1	31.5	18	22.7	40.5	17	20.2	35.5	17	28.5	47.6
Dubai	17	9.6	22.7	17	9.1	25.0	17	15.7	32.1	17	17.1	37.6
Geneva	15	23.7	36.5	15	22.6	36.0	15	24.1	42.4	15	29.8	50.0
Jakarta	14	8.9	16.7	14	9.5	23.4	14	10.3	21.7	14	12.7	26.0
London	18	14.6	33.5	18	13.4	37.3	19	14.5	33.5	19	18.6	41.7
New York	14	14.2	28.5	14	15.8	45.3	14	15.5	33.2	14	17.0	39.6
San Francisco	16	14.9	26.0	16	15.3	31.1	16	15.8	30.2	16	19.9	36.5
Singapore	11	10.3	23.5	11	10.9	26.8	11	10.5	22.1	11	14.3	26.7
Sydney	13	12.8	26.4	13	11.3	29.9	13	10.2	25.2	13	13.0	30.5
Tokyo	14	13.5	29.7	14	10.9	37.9	14	12.0	32.2	14	15.3	38.0
Toronto	11	8.8	17.2	11	8.6	19.7	11	9.2	19.1	11	11.6	23.7
Washington	18	19.3	27.6	18	17.6	28.6	18	20.7	36.0	18	25.3	45.1

Note 1: The expenditure on personal emoluments includes salaries and allowances.

Note 2: Total operational expenses include personal emoluments, personnel related expenses, departmental expenses and other charges.

As promoting Hong Kong through organising activities is a part of the overall work of the ETOs, the expenditure involved cannot be quantified separately.

As regards the expenditure on rent allowance, which is disbursed to Hong Kong-based officers only, there are currently about a total of 50 officers receiving such allowance. According to our records, the average total expenditure on rent allowance disbursed by the 14 ETOs per month in 2021-22, 2022-23 and 2023-24 (up to January 2024) were 1.78 million, 1.62 million and 1.67 million respectively. The amount of rent allowance disbursed per month is determined by the rent level of the city, rank of the officer and number of family members residing in the same property. Overall speaking, the rent level of New York is relatively higher among the cities where the 14 ETOs are located. We expect that the total expenditure on rent allowance in 2024-25 will be similar to that in 2023-24.

As mentioned in the 2024-25 Budget, the HKSAR Government is planning to establish an ETO in Riyadh, Saudi Arabia and Kuala Lumpur, Malaysia respectively. We are discussing with the Governments of Saudi Arabia and Malaysia through the Consuls-General of Saudi Arabia and Malaysia in Hong Kong respectively. Generally speaking, setting up new ETOs involves various considerations and detailed arrangements, including matters relating to privileges and immunities. We will continue to closely liaise with the Governments of Saudi Arabia and Malaysia to follow up on the proposal and announce further developments when appropriate.

We will take into due consideration the scope of duties, country coverage and operational needs of the new ETOs in working out the estimated expenditure for the new ETOs. Generally speaking, an ETO comprises 5 Hong Kong-based officers and 12 locally-engaged staff with total operational expenses estimated to be around $30 million per year. We expect the manpower and resources required by the new ETOs to be similar to those of the existing ETOs.

The HKSAR Government has been establishing and maintaining economic and trade relations with places around the world in accordance with the "One Country, Two Systems" principle and has, pursuant to Article 156 of the Basic Law and legislation of the host countries, set up 14 ETOs as the official representatives of the HKSAR, including the 3 ETOs established in the United States (US) (i.e. ETOs in Washington DC, New York and San Francisco).

Respectively on 14 July 2023 and 30 November 2023, the HKSAR Government strongly condemned the US Senate Committee on Foreign Relations and the US House Foreign Affairs Committee for passing the so-called Hong Kong Economic and Trade Office Certification Act, which is factually wrong. It aims to achieve political objectives by smearing and attacking the work of the ETOs in the US on promoting mutually beneficial economic and trade relations and cultural exchanges between Hong Kong and the US, and by misleadingly luring the removal of the privileges, exemptions and immunities enjoyed by and even the closure of the ETOs.

In fact, the US enjoys significant economic benefit in Hong Kong. The US enjoyed a trade surplus of US$271.5 billion with Hong Kong in the past 10 years, the largest among its global trading partners, and more than 1 200 US companies have set up businesses in Hong Kong. If the US insists on undermining the mutually beneficial relations between Hong Kong and the US through the so-called Hong Kong Economic and Trade Office Certification Act, it will ultimately harm the interests of the US and its companies.

In the regions under their purview, the ETOs in Washington DC, New York and San Francisco have been maintaining close liaison with interlocutors in Government, business, think tanks and various sectors to enrich ties between Hong Kong and the US in different areas such as trade, investment, arts and culture. The 3 ETOs will continue to promote Hong Kong's unique advantages, tell the good stories of Hong Kong and, where necessary, refute erroneous reports and clarify misconceptions without fear or favour, so as to foster economic and trade relations and co-operation on different fronts between Hong Kong and the US on a mutually beneficial basis. We will continue to closely monitor the developments, and there is at present no plan to adjust the staff establishment and estimated expenditure of the 3 ETOs.

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB126

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1670)

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:

As shown under Indicators, the numbers of meetings on trade-related matters attended, seminars, exhibitions and workshops participated, and public speeches given in 2024 are not much different from the 2023 figures. Since the Government is making every effort to expand the markets in the Belt and Road countries and regions, will the Government inform this Committee of:

a) the reasons for no significant increase expected in the numbers regarding the above activities despite the substantial increase of 44.9% in the 2024-25 estimate over that for 2023-24?

b) the specific main job duties of the additional manpower in relation to the increase in the overall establishment from 191 as reported for 2023 to 228 in 2024, together with their actual benefits towards taking forward the promotion of commercial relations and investment?

Asked by: Hon LUK Hon-man, Benson (LegCo internal reference no.: 3)

Reply:

Under Programme (1) "Commercial Relations", the 14 overseas Hong Kong Economic and Trade Offices (ETOs) develop and cultivate contacts with Governments and organisations in countries and regions under their purview in order to further Hong Kong's trade and economic interests. The ETOs discuss with their host and other Governments specific trade and economic issues, and promote the business opportunities arising from Hong Kong's participation in the Belt and Road (B&R) Initiative. In 2024-25, the estimated provision for Programme (1) is $88.3 million (44.9%) higher than the revised estimate for 2023-24. This is mainly due to the increased salary provision arising from filling of vacancies and staff changes, anticipated increase in operating expenses of the existing ETOs, as well as the reserved funding for the operation of new ETOs under planning.

We have already set various indicators for evaluating the performance of ETOs' services, which cover the 3 Programmes, namely "Commercial Relations", "Public Relations" and "Investment Promotion". In fact, according to the key performance indicators included in the 2022 Policy Address, the ETOs will continue to strengthen the promotion of Hong Kong's strengths and opportunities to overseas audiences. The relevant indicators in 2024 (i.e. the numbers of (i) visits to Governments and organisations of countries and regions under the ETOs' respective purview, (ii) attending speaking occasions, (iii) conducting media interviews or briefings, and (iv) staging forums, exhibitions, seminars and promotional activities) have increased by at least 20% as compared with those of 2022.

Meanwhile, the HKSAR Government has all along strived to expand our network of ETOs so as to enhance our external promotion and communication, and to explore new business opportunities for Hong Kong. The existing ETOs (including the Dubai ETO as well as the Bangkok, Jakarta and Singapore ETOs in the Association of Southeast Asian Nations (ASEAN) region) will, through various means, continue to strengthen the bilateral relations between Hong Kong and countries along the B&R, foster closer trade and economic relationships with our regional trade partners, as well as promote and explain important HKSAR Government policies, thereby furthering Hong Kong's trade and economic interests.

For staff establishment, there are 228 posts for the 2023-24 revised estimate and the 2024-25 estimate, which has increased by 37 posts as compared with that for 2022-23, representing an increase of 19.4%. The increase is mainly due to the need for creating relevant posts by those ETOs established in recent years so that the existing agency staff could be gradually replaced by staff directly employed by the ETOs, and the posts to be created for the new ETOs under planning.

The proposed new ETOs in Kuala Lumpur and Riyadh will, together with the Bangkok, Jakarta, Singapore and Dubai ETOs, further strengthen their support to Hong Kong enterprises in exploring business opportunities in emerging markets such as the ASEAN and the Middle East markets, promote Hong Kong's unique status under "One Country, Two Systems" and our multi-faceted advantages, as well as the abundant opportunities brought about by the B&R Initiative and the Guangdong-Hong Kong-Macao Greater Bay Area development, in order to further develop Hong Kong's global trade network, strengthen external relations and foster inward investment.

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB127

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0024)

Head:	(96) Government Secretariat: Overseas Economic and Trade Offices
Subhead (No. & title):	(000) Operational expenses
Programme:	(-) -
Controlling Officer:	Permanent Secretary for Commerce and Economic Development (Miss Eliza LEE)
Director of Bureau:	Secretary for Commerce and Economic Development

Question:

The provision for the salaries, allowances and other operating expenses of the overseas Economic and Trade Offices (ETOs) has increased significantly by 45.3% as compared to 2023-24. It is explained in the document that the increase, which is notably high, is due to the increased provision for the new ETOs under planning, the increased salary provision arising from filling of vacancies, staff changes and salary increments, as well as increased operating expenses. Please explain the following:

1. The provision and its percentage of increase for each of the above items;

2. The location, expected commissioning date, staff establishment and set-up cost of each additional office;

3. What are the number of vacancies to be filled, reasons for the vacancies, staff changes and rates of salary increments?

4. Given that overseas ETOs will also be responsible for the promotion of culture and arts from now on, will additional staff establishment and expenditure be involved in this regard? Or will collaboration be sought with the Culture, Sports and Tourism Bureau?

Asked by: Hon MA Fung-kwok (LegCo internal reference no.: 2)

Reply:

Under Subhead 000 Operational expenses, we have adjusted the expenditure for the revised estimate for 2023-24 downward to $414 million, in view of the decreased salary expense in overseas Hong Kong Economic and Trade Offices (ETOs) due to vacant posts and staff changes and the operating expenses of the existing ETOs being lower than expected. Besides, the work on setting up new ETOs is still in progress, and it was unnecessary to use the provision reserved for their operating expenses.

In 2024-25, we expect an increase in expenditure, mainly due to the increased salary provision arising from filling vacancies and staff changes, anticipated increase in operating expenses of the existing ETOs, as well as the reserved funding for the operation of new ETOs under planning. In view of the above, the estimated expenditure for 2024-25 is $602 million, which is 45.3% higher than the revised estimate for 2023-24.

As at 29 February 2024, the 14 existing ETOs have an establishment of 213 posts in total, including 61 Hong Kong-based officer posts and 152 locally engaged staff posts. The ETOs have a strength of 192 staff in total (including Hong Kong-based officers, locally-engaged staff and agency staff), with 21 vacancies which are mainly due to staff changes or resignation for personal reasons. We expect the relevant vacancies will be filled in 2024-25. Besides, the posts involved and the relevant expenditure on personal emoluments due to staff changes are different in each year. The expenditure on personal emoluments will also be increased due to factors like staff's annual salary increment (involving increases by a few percentage points) and/or inflation in the cities where the ETOs are located. Therefore, the estimated expenditure on personal emoluments and personnel related expenses of the 14 existing ETOs in 2024-25 is 26.1% higher than that of the revised estimate for 2023-24.

Apart from the personal emoluments and personnel related expenses, the estimated expenditure on other operating expenses (i.e. general departmental expenses and publicity expenses) of the 14 existing ETOs in 2024-25 is 18.0% higher than that of the revised estimate for 2023-24.

To further expand our overseas trade and economic network, the Hong Kong Special Administrative Region Government is planning to establish an ETO in Riyadh, Saudi Arabia and Kuala Lumpur, Malaysia respectively. We are discussing with the Governments of Saudi Arabia and Malaysia through the Consuls-General of Saudi Arabia and Malaysia in Hong Kong respectively. Generally speaking, setting up new ETOs involves various considerations and detailed arrangements, including matters relating to privileges and immunities. We will continue to closely liaise with the Governments of Saudi Arabia and Malaysia to follow up on the proposal and announce further developments when appropriate.

We will take into due consideration the scope of duties, country coverage and operational needs of the new ETOs in working out the estimated expenditure for the new ETOs. Generally speaking, an ETO comprises 5 Hong Kong-based officers and 12 locally-engaged staff with total operational expenses estimated to be around $30 million per year. We expect the manpower and resources required by the new ETOs to be similar to those of the existing ETOs. The ETOs will continue to make the best use of resources to discharge their full duties under a multi-pronged approach and at different levels.

The ETOs (except the Geneva ETO which specialises in matters related to the World Trade Organization and the Trade Committee of the Organisation for Economic Co-operation and Development) not only strive to strengthen Hong Kong's trade and economic relationships with foreign countries, but also assist the Culture, Sports and Tourism Bureau (CSTB) and under which the Leisure and Cultural Services Department in organising, sponsoring and participating in different arts and cultural events in the countries and regions under the respective purview of the ETOs (including the countries along the Belt and Road). These events include film festivals, concerts, dance performances, arts exhibitions, etc., and Hong Kong people from various sectors (including film directors, actors, designers, emerging artists) are invited to participate. The ETOs also support Hong Kong's arts and cultural groups of different sizes to conduct exchanges and give performances overseas.

Commencing from 2024-25, the recurrent funding for cultural exchange work conducted by CSTB will be increased by $20 million, the purposes of which include supporting, through the ETOs, more Hong Kong arts groups and artists to perform, hold exhibitions and join other events at overseas locations, and facilitating the ETOs to acquire additional manpower to enhance promotional work in arts and culture. Relevant resources have been subsumed into the Head under the purview of CSTB and are thus not reflected in the Programme(s) under the Head of this bureau.

The ETOs will continue to support CSTB for dovetailing the National 14th Five-Year Plan which clearly supported Hong Kong's development into an East-meets-West centre for international cultural exchange. In addition, the ETOs will introduce Hong Kong externally through various formats and channels to promote people-to-people bonds along the Belt and Road, step up the promotion of Hong Kong's new cultural positioning and strengthen cooperation with overseas arts and cultural organisations.

As promoting arts and cultural exchange is a part of the overall public relations work of the ETOs, the manpower and expenditure involved cannot be quantified separately.

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB128

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0296)

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

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

Programme: (2) Public Relations

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

Director of Bureau: Secretary for Commerce and Economic Development

Question:

In Matters Requiring Special Attention in 2024-25 under this Programme, the overseas Economic and Trade Offices (ETOs) will mainly continue to step up publicity and public relations efforts and launch promotional campaigns to enhance Hong Kong's international image, and strengthen collaboration with other Hong Kong overseas agencies in developing strategies for city branding and publicity. Please inform this Council of the respective amounts of work-related expenses incurred by various ETOs in the past year of 2023-24. How effective was the work? What is the estimated expenditure for the new financial year? What are the specific work plans? How can Hong Kong's international image be enhanced? What are the key performance indicators (KPIs)?

Asked by: Hon NG Kit-chong, Johnny (LegCo internal reference no.: 21)

Reply:

As the official overseas representatives of the HKSAR Government, the 14 overseas Hong Kong Economic and Trade Offices (ETOs) [Note 1] are committed to maintaining close communication and contact with overseas interlocutors from different sectors and the international community, promoting and explaining the Government's important policies and Hong Kong's unique advantages under "One Country, Two Systems".

In 2023-24, in addition to regularly providing local stakeholders with the latest information on Hong Kong through newsletters and social media, the ETOs had direct dialogues with various stakeholders (including think tanks, academic institutions and business organisations) in countries and regions under their purview, met with the media and took the initiative to publish articles to rebut biased reports so as to set the record straight. The ETOs also assisted in arranging overseas visits for the Chief Executive (CE) and principal officials. For example, through the coordination and arrangement of the Jakarta and Singapore ETOs, CE led 5 Secretaries of Departments and Directors of Bureaux, as well as a business delegation to visit 3 member states of the Association of Southeast Asian Nations (ASEAN), namely

Singapore, Indonesia and Malaysia in July 2023, telling the good stories of Hong Kong to the local political and business sectors; and introducing to them Hong Kong's connections to the Mainland market and national development strategies, particularly the Belt and Road (B&R) Initiative and the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) development, which give Hong Kong unparalleled edges and immense opportunities. During the visit, 33 high quality memoranda of understanding or agreements were signed, injecting new impetus into Hong Kong's business and professional communities to expand into the ASEAN markets.

The ETOs also maintained close liaison with the Governments and organsations in countries under their purview, encouraged global business communities and enterprises to seize the vast business opportunities, promoted Hong Kong as a "super connector" and a "super value-adder" to continue to strengthen Hong Kong's economic and trade ties with various sectors overseas, thereby making important contributions to the dual circulation strategy of our country. In addition, Hong Kong has been making progress in the economic development of emerging industries. Building on its traditional strengths as an international financial and trading centre, Hong Kong has also been developing as a hub for innovation and technology, as well as an arts and cultural centre where Eastern and Western cultures meet. In this connection, the ETOs organised relevant activities from time to time. For instance, in July 2023¸ the Bangkok ETO provided support to the Hong Kong Trade Development Council (HKTDC) for holding its flagship event "Think Business, Think Hong Kong" in Bangkok, Thailand, with a view to promoting Hong Kong's potential of serving as an innovation centre in the region, as well as encouraging ASEAN enterprises to use Hong Kong as a platform for developing businesses. In October 2023, the San Francisco ETO hosted a webinar on the development of the third generation Internet (Web3.0) and virtual assets in Hong Kong. The Financial Services and the Treasury Bureau, the Securities and Futures Commission and the Hong Kong Monetary Authority were invited to share the Government's policy stance and directions, with a view to promoting Hong Kong's development into a Web3.0 hub. In February 2024, the Dubai ETO hosted a Chinese New Year dinner reception in Abu Dhabi, the United Arab Emirates. During the reception, the Secretary for Commerce and Economic Development spoke about the latest developments in Hong Kong's business environment and the opportunities it offered, and Hong Kong being known as one of the freest, most competitive, and open economies in the world. The ETO also arranged during the reception a performance by the musical group Windpipe Chinese Music Ensemble, which mesmerised the audience with skilful presentation of traditional Chinese works, Western classics and even Arabic tunes, fully displaying the unique charm of Hong Kong's East-meets-West culture. The Brussels ETO also hosted a Chinese New Year reception in Belgium in the same month, promoting that Hong Kong, under the "One Country, Two Systems" principle, enjoys extremely close ties with Mainland China while retaining our own reliable systems including common law and independent judiciary, free flow of capital, goods and information, low and simple tax regime, and an efficient and clean Government. The ETO also invited various Hong Kong artists to the reception to showcase their talents in pursuit of developing Hong Kong into an international arts and cultural hub.

Furthermore, in line with the "Competing for Talents and Enterprises" strategy and objective, the Dedicated Teams for Attracting Businesses and Talents (the Dedicated Teams) in ETOs continued 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. The Dedicated Teams and other staff of the ETOs, through various means and channels, proactively reached out to high potential and representative strategic enterprises and talents, including liaising with the world's top 100 universities and Hong Kong residents studying or working overseas, promoting Hong Kong's opportunities and advantages, and various talent admission programmes, thereby encouraging talents to settle in Hong Kong.

In 2024-25, the ETOs will continue to organise and participate in various events, including conferences, seminars, cultural and arts performances, exhibitions, film festivals and sports events, in collaboration with policy bureaux and departments, Hong Kong overseas agencies (such as offices of HKTDC and Hong Kong Tourism Board), chambers of commerce and professional bodies. In line with the overall promotion strategy of the Government, the ETOs will enhance overseas promotion of Hong Kong's new economic highlights, new cultural horizons, and new tourism experiences; assist in arranging visits for principal officials of the Government to different countries, regions and markets to promote Hong Kong's advantages as well as various flagship events and occasions. The ETOs will also enhance Hong Kong's international image and branding through multilateral liaison, strengthen the cohesion of local and overseas Hong Kong people, and actively promote Hong Kong's unique advantages under "One Country, Two Systems" and Hong Kong's role under the National 14th Five-Year Plan, as well as the abundant business opportunities brought about by the B&R Initiative and the GBA development, so as to attract businesses and talents to Hong Kong, and make the best endeavours to tell the world the good stories of Hong Kong.

As the above work is part of the overall public relations work of the ETOs, the expenditure incurred and estimated expenditure cannot be quantified separately.

The actual and estimated performance indicators in 2023 and 2024 respectively in respect of public relations work of the 14 ETOs are listed below for reference:

Performance indicators	**2023 (Actual)** Note 2	**2024 (Estimate)** Note 2
Call on senior government officials/organisations	1 309	1 420
Public relations functions/events (including cultural functions/events)		
organised	825	920
participated	1 533	1 570
Newsletters, pamphlets, press releases issued	2 641	2 725
Number of visitors assisted	2 851 **Note 3**	1 710
Public speeches given	528	530
Media interviews/briefings given	502	550
Enquiries handled	14 380 **Note 3**	13 460

Note 1: The HKSAR Government currently has 14 ETOs which are located in Bangkok, Berlin, Brussels, Dubai, Geneva, Jakarta, London, New York, San Francisco, Singapore, Sydney, Tokyo, Toronto and Washington DC respectively.

Note 2: Figures also cover events in virtual form.

Note 3: In 2023, there was a significant increase in demands for assistance from London ETO regarding applications for Certificates of No Criminal Conviction.

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Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB129

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2014)

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

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

Programme: (-) -

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

Director of Bureau: Secretary for Commerce and Economic Development

Question:

As mentioned in the Budget Speech by the Financial Secretary, to strengthen our economic and trade relations with the Middle East, the Government is conducting negotiations with Saudi Arabia on an Investment Promotion and Protection Agreement and considering establishing an Economic and Trade Office (ETO) in Riyadh, Saudi Arabia, and two consultant offices will also be set up in Turkey and Egypt this year to bring in foreign capital and enterprises. Meanwhile, the Government is considering establishing an ETO in Kuala Lumpur, Malaysia. In this connection, please inform this Committee of:

(1) the expected manpower and remuneration arrangements of the new ETOs and consultant offices; and

(2) the overall situation of the existing ETOs and consultant offices in the Middle East and the Association of Southeast Asian Nations regions, including but not limited to the number of organisations, manpower and remuneration arrangements, etc.

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

Reply:

In the Middle East region, apart from the Hong Kong Economic and Trade Office (ETO) in Dubai, the Hong Kong Trade Development Council (HKTDC) currently has a total of 3 offices/consultant offices, located in Dubai, Riyadh and Tel Aviv, while Invest Hong Kong (InvestHK) has a consultant office in Jerusalem.

In the Association of Southeast Asian Nations, apart from the 3 ETOs, i.e. in Bangkok, Jakarta and Singapore, the HKTDC currently has a total of 6 offices/consultant offices, located in Bangkok, Ho Chi Minh City, Jakarta, Kuala Lumpur, Manila and Singapore. InvestHK has Dedicated Teams for Attracting Businesses and Talents in the 3 ETOs mentioned above, but has not set up any consultant offices.

The estimated total expenditure of the above-mentioned 9 offices/consultant offices under HKTDC in 2024-25 is $36.37 million, while the annual expenditure of each consultant office under InvestHK is around $1.50 million.

The staff establishment, personal emoluments and total operational expenses for the estimate for 2024-25 of the Bangkok, Dubai, Jakarta and Singapore ETOs are as follows:

ETO	2024-25 (Estimate)		
	Staff establishment (no. of posts)	Personal emoluments Note 1	Total operational expenses Note 2
		($ million)	
Dubai	17	17.1	37.6
Bangkok	17	13.1	30.6
Jakarta	14	12.7	26.0
Singapore	11	14.3	26.7

Note 1: The expenditure on personal emoluments includes salaries and allowances.

Note 2: Total operational expenses include personal emoluments, personnel related expenses, departmental expenses and other charges.

We are discussing the plan to set up an ETO in Riyadh and Kuala Lumpur with the Governments of Saudi Arabia and Malaysia through the Consuls-General of Saudi Arabia and Malaysia in Hong Kong respectively. Generally speaking, setting up new ETOs involves various considerations and detailed arrangements, including matters relating to privileges and immunities. We will continue to closely liaise with the Governments of Saudi Arabia and Malaysia to follow up on the proposal and announce further developments when appropriate.

We will take into due consideration the scope of duties, country coverage and operational needs of the new ETOs in working out the estimated expenditure for the new ETOs. Generally speaking, an ETO comprises 5 Hong Kong-based officers and 12 locally-engaged staff with total operational expenses estimated to be around $30 million per year. We expect the manpower and resources required by the new ETOs to be similar to those of the existing ETOs.

In view of the huge economic development potential of the countries along the Belt and Road, InvestHK will strengthen investment promotion work by setting up consultant offices along the Belt and Road, especially inemerging countries in the Middle East, Central Asia and Africa. InvestHK will set up consultant offices in Cairo, the capital of Egypt, and Izmir, the third largest city in Türkiye, respectively within 2024-25 to bring in capital and enterprises from high-potential emerging countries in the Middle East and North Africa. Furthermore, to continuously expand Hong Kong's trade and economic network and help Hong Kong enterprises tap into emerging markets, the HKTDC will in 2024-25 set up additional consultant offices in Dhaka, the capital city of Bangladesh, and Phnom Penh, the capital city of Cambodia to strengthen trade promotion in emerging countries. Setting up the above-mentioned four consultant offices will incur an estimated annual expenditure of around $4.65 million.

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB130

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2796)

Head:	(96) Government Secretariat: Overseas Economic and Trade Offices
Subhead (No. & title):	(-) -
Programme:	(1) Commercial Relations, (2) Public Relations
Controlling Officer:	Permanent Secretary for Commerce and Economic Development (Miss Eliza LEE)
Director of Bureau:	Secretary for Commerce and Economic Development

Question:

The legislation on Article 23 of the Basic Law will soon be enacted. Does the Commerce and Economic Development Bureau have plans to commence, through the overseas Economic and Trade Offices ("ETOs"), publicity work on the legislation on Article 23 of the Basic Law among the media, trade and industry associations as well as the governments of the host countries, so as to dispel misunderstanding of the legislation on Article 23 of the Basic Law in Hong Kong among local residents and trade and industry associations, or even proactively refute the smearing and false statements made by the local media and governments concerning the legislation on Article 23 of the Basic Law in Hong Kong? If yes, what are the plans and performance indicators concerned? If no, what are the reasons?

Besides, will the Government educate and train the staff members of all levels in the overseas ETOs on Article 23 of the Basic Law, such that they, with a good understanding of the legislation on Article 23 of the Basic Law, can respond to and answer queries about the legislative exercise from the media, trade and industry sector as well as residents of the host countries? If yes, what are the plans and performance indicators concerned? If no, what are the reasons?

Asked by: Hon WONG Chun-sek, Edmund (LegCo internal reference no.: 9)

Reply:

Apart from enhancing trade and economic relations between Hong Kong and 56 countries under their respective purviews, the overseas Hong Kong Economic and Trade Offices (ETOs) are also engaged in public relations work, with aims to promoting Hong Kong as a reliable trading partner and a location for doing business with a multitude of advantages, fostering the exchange and collaboration between Hong Kong and different places, as well as enhancing Hong Kong's international image. The work involves monitoring and reporting on reactions to events in Hong Kong in the ETOs' host countries or regions under their purview, and utilising different means and channels, such as giving public speeches and accepting media interviews, to introduce Hong Kong's culture and latest development to overseas interlocutors, explain the important policies of the HKSAR Government, as well as clarify and refute erroneous information about Hong Kong. The ETOs will continue to monitor the comments of the overseas public, business and media sectors, clarify misunderstandings through various channels where appropriate and necessary, and rebut misreporting.

The Security Bureau and Department of Justice have, in detail, explained the legislative background of Basic Law Article 23 legislation and important clauses of the latter to relevant staff at the ETOs, such that they could explain to the public the legislative intent and relevant clauses of Basic Law Article 23 legislation with clarity, thereby alleviating doubts and continuing to promote Hong Kong's strategic position as an international trade and investment centre, and telling the good stories of Hong Kong on the international stage.

- End -

Reply Serial No.

CEDB131

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2811)

Head:	(96) Government Secretariat: Overseas Economic and Trade Offices
Subhead (No. & title):	(-) -
Programme:	(-) -
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 Budget Speech that additional Economic and Trade Offices (ETOs) will be set up in Riyadh, Saudi Arabia and Kuala Lumpur, Malaysia. Please set out the respective numbers of staff, their posts, ranks and salary expenditure of all overseas ETOs in the past 3 years. Will the Government review the effectiveness of each overseas ETOs, such as by using their performance in attracting enterprises and investment as a value-for-money indicator, reorganise those with less economic benefits due to geopolitics (e.g. by closure) and allocate resources to set up additional overseas ETOs in countries with potential opportunities, such as the Middle East and "Belt and Road" countries? If yes, what are the details?

Asked by: Hon WONG Chun-sek, Edmund (LegCo internal reference no.: 24)

Reply:

For the past 3 years, among the 14 existing overseas Hong Kong Economic and Trade Offices (ETOs), except for the Brussels ETO and London ETO where there was a decrease of 1 locally-engaged staff post and the addition of a Principal Information Officer post respectively in 2023-24, the staff establishment of the remaining 12 ETOs has remained unchanged.

The staff establishment of the 14 existing ETOs for the revised estimate for 2023-24 (i.e. as at 31 March 2024) is as follows:

Rank	ETO (number of posts)													
	Bangkok	Berlin	Brussels	Dubai	Geneva	Jakarta	London	New York	San Francisco	Singapore	Sydney	Tokyo	Toronto	Washington
Administrative Officer Staff Grade A (D6)	-	-	-	-	-	-	-	-	-	-	-	1	-	1
Administrative Officer Staff Grade B1 (D4)	-	-	1	-	1	-	-	-	-	-	-	-	-	-
Administrative Officer Staff Grade B (D3)	-	-	-	1	-	1	1	-	-	-	-	-	-	-
Administrative Officer Staff Grade C (D2)	1	1	2	-	2	-	-	1	1	1	1	1	1	1
Senior Administrative Officer	1	1	-	1	2	1	2	1	1	1	1	1	1	2
Principal Trade Officer	1	-	2	1	2	1	-	-	-	-	-	-	-	1
Trade Officer	-	1	-	-	-	-	1	-	-	1	-	-	-	-
Chief Information Officer	-	-	-		-	-	-	1	-	-	-	-	-	-
Principal Information Officer	1	-	-	1	-	1	1	-	-	1	1	1	1	-
Investment Promotion Project Officer	-	-	-	-	-	-	-	-	1	-	-	-	-	-
Executive Officer I	1	1	-	1	-	1	-	-	-	-	-	-	-	-
Locally-engaged staff	12	13	12	12	8	9	14	11	13	7	10	10	8	13
Sub-total no. of posts	**17**	**17**	**17**	**17**	**15**	**14**	**19**	**14**	**16**	**11**	**13**	**14**	**11**	**18**
Total no. of posts	**213**													

As at 29 February 2024, the 14 ETOs have a strength of 192 staff in total, comprising Hong Kong-based officers, locally-engaged staff and agency staff.

The personal emoluments (including salaries and allowances) of the above ETOs in the past 3 years are as follows:

ETO	2021-22 Actual ($ million)	2022-23 Actual ($ million)	2023-24 Revised Estimate ($ million)
Bangkok	9.8	10.8	10.3
Berlin	13.4	13.7	12.4
Brussels	20.1	22.7	20.2
Dubai	9.6	9.1	15.7
Geneva	23.7	22.6	24.1
Jakarta	8.9	9.5	10.3
London	14.6	13.4	14.5
New York	14.2	15.8	15.5
San Francisco	14.9	15.3	15.8

ETO	2021-22 Actual ($ million)	2022-23 Actual ($ million)	2023-24 Revised Estimate ($ million)
Singapore	10.3	10.9	10.5
Sydney	12.8	11.3	10.2
Tokyo	13.5	10.9	12.0
Toronto	8.8	8.6	9.2
Washington	19.3	17.6	20.7

We have already set various indicators for evaluating the performance of ETOs' services, which cover the 3 Programmes, namely "Commercial Relations", "Public Relations" and "Investment Promotion". Details of the estimated performance indicators on investment promotion for 2024 are as follows:

Indicator	2024 (Estimate)
New projects generated [Note 1]	280
Projects completed [Note 2]	140

Note 1: New projects generated refer to those with the potential of becoming completed projects in the coming 18 months. The figure reflects the investment promotion efforts in a particular year, discounting projects carried forward from previous years.

Note 2: Projects completed refer to investment projects each resulting in an overseas company setting up or undergoing a significant expansion in Hong Kong with the assistance of Invest Hong Kong.

The HKSAR Government has proactively expanded our network of ETOs, strived to maintain close communication and contact with overseas interlocutors from different sectors and the international community, strengthened Hong Kong's trade and economic relations with other places, explained the HKSAR Government's major policies, and promoted our unique status under "One Country, Two Systems" and our multi-faceted advantages, as well as the abundant opportunities brought about by the Belt and Road Initiative and the Guangdong-Hong Kong-Macao Greater Bay Area development.

The HKSAR Government has dedicated its efforts towards strengthening trade and economic relations with the Middle East and the Association of Southeast Asian Nations (ASEAN), with a view to deepening regional cooperation. As mentioned in the 2024-25 Budget, the HKSAR Government is planning to establish an ETO in Riyadh, Saudi Arabia and Kuala Lumpur, Malaysia respectively, to assist us in constructing a broader network in the Middle East and ASEAN, thereby enhancing Hong Kong's external trade.

We are discussing the plan to set up an ETO in Riyadh and Kuala Lumpur with the Governments of Saudi Arabia and Malaysia through the Consuls-General of Saudi Arabia and Malaysia in Hong Kong respectively. Generally speaking, setting up new ETOs involves various considerations and detailed arrangements, including matters relating to privileges and immunities. We will continue to closely liaise with the Governments of Saudi Arabia and Malaysia to follow up on the proposal and announce further developments when appropriate.

We will take into due consideration the scope of duties, country coverage and operational needs of the new ETOs in working out the estimated expenditure for the new ETOs.

Generally speaking, an ETO comprises 5 Hong Kong-based officers and 12 locally-engaged staff with total operational expenses estimated to be around $30 million per year. We expect the manpower and resources required by the new ETOs to be similar to those of the existing ETOs.

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB132

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2818)

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

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

Programme: (3) Investment Promotion

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

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Will the Commerce and Economic Development Bureau formulate any specific work plans and key performance indicators (KPIs) in respect of "competing for enterprises" and "competing for talent" for various overseas Economic and Trade Offices (ETOs) for the next 3 years, including the number of investment fairs to be held by the ETOs each year, the number of local enterprises to be attracted to invest in Hong Kong each year, the number of news reports and advertisements to be released in the local media and social networks to promote Hong Kong each year, as well as the number of enquiries to be handled each year from local enterprises and talent interested in pursuing development in Hong Kong? If yes, what are the specific work plans and KPIs? If no, what are the reasons?

Asked by: Hon WONG Chun-sek, Edmund (LegCo internal reference no.: 46)

Reply:

As the official overseas representatives of the HKSAR Government, the 14 overseas Hong Kong Economic and Trade Offices (ETOs) [Note 1] are committed to maintaining close communication and exchanges with the international community and stakeholders in different sectors in countries and regions under their purview, promoting and explaining the Government's important policies and Hong Kong's unique advantages under "One Country, Two Systems".

Besides, except for the Geneva and Washington ETOs [Note 2], the HKSAR Government has set up a Dedicated Team for Attracting Businesses and Talents (the Dedicated Team) in each of the other 12 ETOs 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 (LWB), in providing facilitation services for the attraction of businesses and talents. The Dedicated Teams and other staff of the ETOs proactively reach out to local enterprises and the world's top 100 universities, liaise with target enterprises and talents and provide them with appropriate information and assistance, as well as promote Hong Kong's opportunities through various channels. The ETOs will also continue to assist the relevant policy bureaux such as LWB to actively promote various talent admission schemes through different kinds of events. For example, the ETOs will, through business seminars, promote Hong Kong's advantages and encourage talents to settle in Hong Kong. The ETOs will also deliver talks in universities to introduce Hong Kong's job opportunities. All these efforts help attract enterprises, talents and capital to Hong Kong.

The performance indicators of the Dedicated Teams (including the estimated performance indicators for the coming year) have been included in Head 96 - Programme (3) Investment Promotion. Details of the estimated performance indicators for 2024 are as follows:

Indicator	**2024 (Estimate)**
New projects generated [Note 3]	280
Projects completed [Note 4]	140

In 2024-25, the Dedicated Teams will continue to proactively approach target enterprises and talents, and promote to them the unique advantages of Hong Kong and provide the latest information on assisting enterprises and talents to set up footholds in Hong Kong, so as to invite them to explore opportunities to develop and work in Hong Kong.

Note 1: The HKSAR Government currently has 14 ETOs which are located in Bangkok, Berlin, Brussels, Dubai, Geneva, Jakarta, London, New York, San Francisco, Singapore, Sydney, Tokyo, Toronto and Washington DC respectively.

Note 2: 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. 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.

Note 3: New projects generated refer to those with the potential of becoming completed projects in the coming 18 months. The figure reflects the investment promotion efforts in a particular year, discounting projects carried forward from previous years.

Note 4: Projects completed refer to investment projects each resulting in an overseas company setting up or undergoing a significant expansion in Hong Kong with the assistance of Invest Hong Kong.

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB133

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2819)

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

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

Programme: (1) Commercial Relations, (2) Public Relations, (3) Investment Promotion

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

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Please provide details on the specific work of the overseas Economic and Trade Offices (ETOs) of Hong Kong in facilitating the signing of various agreements (e.g. free trade agreements, double taxation avoidance agreements, economic partnership agreements, etc.) between Hong Kong and other countries or separate customs territories in 2023-24, including the types of agreements pursued, the countries or separate customs territories with which agreements have been pursued, and the relevant progress (i.e. regarding the signing of agreements, the governments of countries or separate customs territories with which the overseas ETOs have had initial contact and communication, started negotiations, failed in negotiations, and concluded negotiations and prepared to sign or already signed the agreements).

In addition, has the Commerce and Economic Development Bureau formulated any specific work plans and Key Performance Indicators (KPI) for the overseas ETOs to facilitate the signing of various agreements between Hong Kong and other countries or separate customs territories in the coming 3 years? If yes, what are the specific work plans and KPIs? If no, what are the reasons?

Asked by: Hon WONG Chun-sek, Edmund (LegCo internal reference no.: 47)

Reply:

To help Hong Kong enterprises and investors expand their markets, the HKSAR Government has strived to strengthen the economic and trade ties with other economies and actively sought to forge free trade agreements (FTAs) and investment promotion and protection agreements (IPPAs) with more trading partners, thereby promoting the long-term economic development of Hong Kong. The HKSAR Government has signed 8 FTAs with 20 economies [Note 1] and 24 IPPAs with 33 overseas economies [Note 2], including the two agreements signed by the current term Government with Türkiye and Bahrain respectively, and covering most of Hong Kong's major trading partners. In terms of FTAs, Hong Kong is conducting negotiations with Peru. In terms of IPPAs, Hong Kong is also conducting negotiations with Saudi Arabia.

The HKSAR Government reviews and explores FTA and IPPA targets from time to time. However, due to the sensitivity of relevant discussions, we are unable to disclose details at the moment. We will publicise relevant information in due course.

Apart from FTAs and IPPAs handled by the Commerce and Economic Development Bureau, various other agreements are taken up and handled by different policy bureaux and departments. For instance, the Financial Services and the Treasury Bureau is mainly responsible for the Comprehensive Avoidance of Double Taxation Agreements. The overseas Hong Kong Economic and Trade Offices (ETOs) will provide support and assistance as appropriate, so as to expedite the smooth conclusion of negotiations. ETOs have proactively participated and assisted in facilitating Hong Kong's accession to the Regional Comprehensive Economic Partnership (RCEP), through maintaining close liaison with the trade ministries and stakeholders in RCEP member economies to lobby for their support for Hong Kong's early accession and the commencement of relevant discussions with Hong Kong as soon as practicable. The ETOs will continue to proactively liaise with Hong Kong's major trading partners through various means such as meeting with overseas interlocutors, conducting conferences, strengthening communication channels with Governments and businesses overseas, promoting and explaining Hong Kong's unique advantages under the National 14th Five-Year Plan, "One Country, Two Systems" and the Guangdong-Hong Kong-Macao Greater Bay Area development, so as to enhance the trade and economic relations between Hong Kong and other regions. We will continue to supervise the work progress of the ETOs.

Note 1: Hong Kong has signed 8 FTAs with 20 economies, including Mainland China, New Zealand, Member States of the European Free Trade Association (EFTA, i.e. Iceland, Liechtenstein, Norway and Switzerland), Chile, Macao SAR, ASEAN, Georgia, and Australia. All FTAs have come into force.

Note 2: Hong Kong has signed 24 IPPAs with 33 overseas economies, including ASEAN, Australia, Austria, Bahrain, Belgium, Canada, Chile, Denmark, Finland, France, Germany, Italy, Japan, Korea, Kuwait, Luxembourg, Mexico, Netherlands, New Zealand, Sweden, Switzerland, Türkiye, United Arab Emirates, and the United Kingdom. All IPPAs have come into force except the IPPAs signed with Türkiye and Bahrain on 31 October 2023 and 3 March 2024 respectively.

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB134

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2831)

Head:	(96) Government Secretariat: Overseas Economic and Trade Offices
Subhead (No. & title):	(-) -
Programme:	(-) -
Controlling Officer:	Permanent Secretary for Commerce and Economic Development (Miss Eliza LEE)
Director of Bureau:	Secretary for Commerce and Economic Development

Question:

The Government is considering establishing additional Economic and Trade Offices (ETOs) in Riyadh in the Middle East and Malaysia, a member state of the Association of Southeast Asian Nations.

1. How does the Government consider establishing additional ETOs in these 2 places and what are the timetables for their establishment;

2. What are the scales of the 2 ETOs concerned, as well as their estimated staff establishments and annual recurrent expenditures;

3. Whether the Government will, as compared with ETOs established in mature economies such as Europe and the United States, make resource adjustments to step up efforts in tapping into emerging markets; if yes, what are the details; if not, what are the reasons?

Asked by: Hon WONG Ying-ho, Kennedy (LegCo internal reference no.: 7)

Reply:

To strengthen Hong Kong's trade and economic relations with other places, the Hong Kong Special Administrative Region (HKSAR) Government has proactively expanded our network of overseas Economic and Trade Offices (ETOs), and strived to maintain close communication and contact with overseas interlocutors from different sectors and the international community, so as to explain the HKSAR Government's major policies, promote our unique status under "One Country, Two Systems" and our multi-faceted advantages, as well as the abundant opportunities brought about by the Belt and Road Initiative and the Guangdong-Hong Kong-Macao Greater Bay Area development.

The HKSAR Government has dedicated its efforts towards strengthening trade and economic relations with the Middle East and the Association of Southeast Asian Nations (ASEAN), with a view to deepening regional cooperation. As mentioned in the 2024-25 Budget, the HKSAR is planning to establish an ETO in Riyadh, Saudi Arabia and Kuala Lumpur, Malaysia respectively, to assist us in constructing a broader network in the Middle East and ASEAN, thereby enhancing Hong Kong's external trade. As for investment promotion and protection agreements (IPPA), the HKSAR Government has signed IPPAs with Kuwait and the United Arab Emirates (UAE) within the Cooperation Council for the Arab States of the Gulf (GCC) member states [Note], and both agreements have come into force. The HKSAR Government has signed an IPPA with Bahrain which will come into force after the completion of relevant internal procedures.

We are discussing the plan to set up an ETO in Riyadh and Kuala Lumpur with the Governments of Saudi Arabia and Malaysia through the Consuls-General of Saudi Arabia and Malaysia in Hong Kong respectively. Generally speaking, setting up new ETOs involves various considerations and detailed arrangements, including matters relating to privileges and immunities. We will continue to closely liaise with the Governments of Saudi Arabia and Malaysia to follow up on the proposal and announce further developments when appropriate.

We will take into due consideration the scope of duties, country coverage and operational needs of the new ETOs in working out the estimated expenditure for the new ETOs. Generally speaking, an ETO comprises 5 Hong Kong-based officers and 12 locally-engaged staff with total operational expenses estimated to be around $30 million per year. We expect the manpower and resources required by the new ETOs to be similar to those of the other ETOs.

The HKSAR Government will continue to proactively explore the feasibility and relevant details in setting up ETOs in various countries, on the basis of Hong Kong's trade interest and needs, as well as the economic and political importance of various places to Hong Kong, and the governance and safety-related circumstances of said places, so as to continually develop Hong Kong's global trade network.

Note : Member states of the GCC are Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE.

- End -

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0664)

Head:	(96) Government Secretariat: Overseas Economic and Trade Offices
Subhead (No. & title):	(-) -
Programme:	(1) Commercial Relations, (2) Public Relations, (3) Investment Promotion
Controlling Officer:	Permanent Secretary for Commerce and Economic Development (Miss Eliza LEE)
Director of Bureau:	Secretary for Commerce and Economic Development

Question:

There is an overall increase of 45.1% in the estimates of overseas Economic and Trade Offices (ETOs) for commercial relations, public relations and investment promotion, which is significantly higher than the amounts of 2022-23(actual) and 2023-24(revised), whereas the amount of 2023-24(revised) is lower compared to 2023-24(original). Although additional funding is required to step up the work of overseas ETOs, the increase in the estimated expenditure concerned is too high as Hong Kong's economy is still recovering.

In this connection, please inform this Committee of the following: Considering the priorities of promotion in key overseas regions, the relevant overseas ETOs can further optimise their management in terms of efficiency and the use of funds. Taken together with the substantially lower actual expenditures of the overseas ETOs compared to the estimated expenditures in the past 3 years, will the Government consider an appropriate downward adjustment to this year's total estimated expenditure of 600 million under the programmes?

Asked by: Hon YIM Kong (LegCo internal reference no.: 18)

Reply:

The revised estimate for 2023-24 of the overseas Hong Kong Economic and Trade Offices (ETOs) is $415 million, which is $182 million (i.e. 30.5%) less than the original estimate of $596 million. The reasons include decreased salary expense due to vacant posts and staff changes, as well as decreased operating expenses by the existing ETOs. Besides, the work on setting up new ETOs is still in progress, and it was unnecessary to use the provision reserved for their operating expenses.

In 2024-2025, the estimated expenditure is $602 million, which is $187 million (45.1%) higher than the 2023-24 revised estimate of $415 million. This is mainly due to the increased salary provision arising from filling of vacancies and staff changes, anticipated increase in operational expenses of the existing ETOs, as well as the reserved funding for the operation of new ETOs under planning. We have to earmark sufficient funding to meet the estimated expenditure.

- End -

CEDB136

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0254)

Head: (31) Customs and Excise Department

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

Programme: (3) Intellectual Property Rights and Consumer Protection

Controlling Officer: Commissioner of Customs and Excise (Ms Louise HO)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Despite the fact that the estimate for 2024-25 is 14.5% higher than the revised estimate for 2023-24, the key performance indicators are not visibly higher than those of the past 2 years and there is a net decrease of posts. In this regard, please inform this Committee of the following: the specific reasons for the relatively significant increase in the estimate, and whether the increase level of the estimate is commensurate with the performance indicators? Is there a need to fill all the vacancies under the current economic environment?

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

Reply:

The estimated provision for 2024-25 under Programme (3) "Intellectual Property Rights and Consumer Protection" of the Customs and Excise Department (C&ED) has increased as compared with the revised estimate for 2023-24. This is mainly due to the salary increments for staff and filling of vacancies.

The epidemic has affected C&ED's original plans for filling new vacancies. Therefore, the revised estimate for 2023-24 is 9.8% lower than the original estimate. C&ED, taking into account the expenditure required in the original plans for filling new vacancies, has prepared the estimate for 2024-25, which is 14.5% higher than the revised estimate for 2023-24, but is only 3.2% higher than the original estimated provision for 2023-24 (the increase in estimate is mainly due to the increase in expenditure on personal emoluments arising from the 2023-24 Civil Service Pay Adjustment). C&ED will continue to review the need for filling the relevant vacancies.

- End -

CEDB137

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2501)

Head: (78) Intellectual Property Department

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

Programme: (-) -

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

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Financial Secretary mentioned in the Budget that for the past 3 years, the Intellectual Property Department (IPD) granted an average of more than 10 000 standard patent registrations each year, involving industries such as research and development (R&D), cultural and creativity, design services, and brand licensing. The Government plans to submit to the Legislative Council in the first half of this year amendments to the Inland Revenue Ordinance, which will reduce the tax rate for profits derived from intellectual property (IP) to 5% so as to encourage IP commercialisation transactions. In addition, the Government has set aside $45 million to support the Hong Kong Productivity Council in establishing and operating the World Intellectual Property Organization Technology and Innovation Support Centre (TISC) to provide services such as patent search and analysis. Please inform this Committee of the following:

1. What are the respective numbers of grants of patent registrations involving R&D, cultural and creativity, design services and brand licensing in the past 3 years? Please give a breakdown by type.

2. Please specify the types and values of IP commercialisation transactions relating to the cultural and creative industries (CCI) in the past 3 years.

3. If the tax rate for profits derived from IP of the CCI is reduced to 5%, what will be the outcomes and impacts?

4. Please explain the expenditure of $45 million on establishing and operating the TISC and provide the detailed breakdown and the funding period.

5. Please explain how the TISC will promote IP trading, including cultural and creative products.

Asked by: Hon CHENG Wing-shun, Vincent (LegCo internal reference no.: 1)

Reply:

Patent registrations and relevant statistics for the past 3 years

Patents provide legal protection for scientific inventions (i.e. products, substances or processes which are new, inventive and susceptible of industrial application), which mainly protect research and development (R&D) outcomes. As for the products and services relating to the cultural and creative industries (CCI), which can cover original literary, dramatic, artistic and musical works, and other works such as sound recordings, films and broadcasts (all of which are protected by **copyright**), they are also susceptible of industrial application, brand marketing, and other activities of intellectual property (IP) trading and commercialisation through **trade marks** and **designs**.

Copyright is an automatically granted right. Copyright works, upon creation, are protected by the laws of Hong Kong without the need for local registration, whereas trade marks and designs may obtain protection through registration.

In the past 3 years, the numbers of registrations of standard patents [Note], short-term patents, trade marks and designs in Hong Kong are as follows:

Year	2021	2022	2023
Standard patents [Note]	14 662	11 602	10 866
Short-term patents	684	535	516
Trade marks	32 719	30 630	25 332
Designs	4 206	3 319	3 390

Note: Including standard patents by re-registration and standard patents by original grant

Being intangible assets, IPs are embedded in various products and services, and are tradable by different means. Conventional statistics generally do not separately calculate the business receipts of the IPs embedded in goods and services. According to the report "Hong Kong Trade in Services Statistics" released by the Census and Statistics Department, the statistics on charges for the use of IP in the 3 years from 2020 to 2022 are as follows:

Year	2020 (HK$ million)	2021 (HK$ million)	2022 (HK$ million)
Charges for the use of IP – Exports of services	5,442	5,555	5,777
Charges for the use of IP – Imports of services	13,651	15,837	16,338

"Patent Box" Tax Incentive

It was announced in the 2023-24 Budget that the Government would introduce a "patent box" tax incentive to provide tax concessions for qualifying profits sourced in Hong Kong and derived from eligible IP created through R&D activities. The 2023 Policy Address and 2024-25 Budget have announced that the relevant profits tax rate will be reduced substantially from 16.5% (i.e. the existing normal profits tax rate in Hong Kong) to 5%. This incentive aims to encourage enterprises to devote more resources to R&D and conduct commercialisation transactions making use of patents and other IP protections. The

Government already introduced into the Legislative Council in April this year the proposal to amend the Inland Revenue Ordinance with a view to implementing the "patent box" tax incentive. It is expected that this tax incentive, upon implementation, will encourage the industrial and innovation and technology (I&T) sectors, creative industries and IP users with profits sourced in Hong Kong to forge ahead with more R&D activities and create more IPs with market potential as a catalyst for promoting I&T and IP trading activities (such as IP buying/selling and licensing, as well as development of new products and services), with a view to maintaining Hong Kong's competitiveness as a regional IP trading centre.

As a member of the Inclusive Framework on Base Erosion and Profit Shifting of the Organisation for Economic Co-operation and Development (OECD), Hong Kong is obliged to apply the nexus approach as promulgated by the OECD in determining the extent of IP income that is entitled to preferential tax treatment under its "patent box" tax incentive. Under the nexus approach, eligible IP assets are limited to patents and other IP assets that are functionally equivalent to patents, and do not cover other IP rights such as copyright, trade marks and designs as more commonly found in the goods and services of the CCI.

Technology and Innovation Support Centre

Under the World Intellectual Property Organization (WIPO) Technology and Innovation Support Center (TISC) dedicated programme, WIPO will support participating member states to establish TISCs which serve to provide consultation services to researchers and innovators on a range of information including patent utilisation, search analysis, technology transfer, IP management and commercialisation, etc. The TISC can support researchers and innovators at different stages of the innovation cycle, helping them make use of the IP system (especially by means of patents) to protect their inventions and guiding them to bring the technology to markets.

More than 100 TISCs have been established in the Mainland under this dedicated programme. We will respond positively by making a recommendation to the China National Intellectual Property Administration (CNIPA) for establishing a TISC in Hong Kong, thus enabling Hong Kong to better integrate into overall national development.

The establishment of TISC requires the approval of WIPO and CNIPA. During this year, the Intellectual Property Department (IPD) will liaise closely with CNIPA and the Hong Kong Productivity Council (HKPC) so as to let the HKPC commence the preparatory work in accordance with the prevailing implementation procedures on establishing TISC promulgated by CNIPA. Upon the evaluation and granting of the WIPO TISC status by WIPO and CNIPA, it is anticipated that Hong Kong's TISC will commence operation by 2025 the earliest.

The IPD has conducted preliminary discussions with the HKPC on the resources required for the establishment and operation of the TISC in the first 3 years. The Government's commitment to the project for the 5 financial years from 2024-25 to 2028-29 is approximately $45 million according to current estimates. The funding is reserved for the various expenses for the establishment and operation of the TISC, including salaries, rent, office equipment, infrastructure building (including development of information technology systems and websites, connection to databases, etc.), consultancy fees and other administrative expenses. The IPD will further discuss with the HKPC in order to prepare the recommendation documents, as well as to formulate and finalise the overall work plan and detailed implementation arrangements, including the manpower involved, detailed service content, resources borne by the HKPC, timetable for the establishment and key performance indicators, etc.

Upon its establishment and operation, the TISC is expected to provide local small and medium-sized enterprises, start-ups and entrepreneurs with high-quality IP (especially patents) information and services, and assist them in exploring their innovation potential on the one hand, and creating, protecting, managing and commercialising their IP on the other hand. It will not only protect R&D outcomes, but also promote IP trading, thus consolidating Hong Kong's position as a regional IP trading centre. Local I&T talents can also make use of the services provided by TISC and apply the professional knowledge they acquired to various innovation processes such as R&D, patent application, and transformation of outcomes. Separately, the services of the TISC require staff to possess specialised technical credentials and background, as well as IP knowledge (especially on patents). While the HKPC is responsible for the deployment and recruitment of the necessary manpower, the IPD also plans to deploy its patent examiners to the TISC to work with TISC staff to promote patent knowledge and assist in providing relevant information on patent application strategies, operation of the industry, I&T trends, etc., so that the patent examiners can better understand the market trends and needs. This will be greatly beneficial to the exchange of professional knowledge on patent examination and industry support.

- End -

CEDB138

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1173)

Head: (78) Intellectual Property Department

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

Programme: (2) Protection of Intellectual Property

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

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Paragraphs 159 to 161 of the Budget Speech mentioned the development of Hong Kong into a regional intellectual property (IP) trading centre. In this connection, will the Government inform this Committee of the following:

1. the respective numbers of training courses and practical workshops offered, as well as practitioners who had received training under the Intellectual Property Manager Scheme PLUS (the Scheme) in 2023-24;

2. the expenditures and staffing provisions involved in the implementation of the Scheme with a detailed breakdown;

3. the numbers of promotional and educational activities organised by the Government for enhancing public awareness of IP rights, as well as the expenditures and staffing provisions involved in the past 5 years with a detailed breakdown;

4. whether the Government has assessed the effectiveness of the above initiative; if yes, what are the details; if no, what are the reasons?

Asked by: Hon IP LAU Suk-yee, Regina (LegCo internal reference no.: 22)

Reply:

It has long been an important task of the Intellectual Property Department (IPD) to promote and to support the industry to make better use of the intellectual property (IP) regime. The IPD launched the IP Manager Scheme for small and medium enterprises in May 2015 with a view to enhancing their IP manpower capacity and boosting their competitiveness through IP management and commercialisation. To meet the development needs of different industries, the IPD launched the IP Manager Scheme PLUS in October 2020 to provide more comprehensive and in-depth IP training courses and practical workshops. In 2023-24, the IPD organised 13 training courses and practical workshops with the participation of more than 1 550 practitioners. The overall response was enthusiastic and positive. According to the feedback from the course evaluation, over 96% of the participants found the training very good or outstanding.

The IPD also attaches great importance to raising public awareness of and respect for IP rights, and continues to carry out promotional and educational work through various channels and media, including organising various activities and making TV promotional videos to reach out to the general public. The major promotional and educational activities for enhancing IP literacy of the public and the younger generation in the past 5 years are summarised as follows:

- continued to organise territory-wide campaigns, including the "No Fakes Pledge" Scheme and the "I Pledge" Campaign to advocate the selling and buying of genuine goods among Hong Kong retailers, tourists and local consumers. On average, there were over 1 500 retail merchants and 7 000 outlets/online shops participating in the "No Fakes Pledge" Scheme organised by the IPD each year;

- continued to organise promotional activities to celebrate the annual World Intellectual Property Day. For example, in 2023, the "Let's Protect Intellectual Property" Exhibition was held at the Central Market and roving exhibitions on mobile promotion vehicle were held at various districts across Hong Kong;

- organised over 650 sessions of the school visit programme and the interactive drama programme for primary and secondary schools, as well as talks for tertiary institutions, targeting the younger generation. Besides, the IPD also collaborated with the law schools of the 3 local universities to organise the IP Ambassador Programme for law school students to join as IP Ambassadors and participate in various IP-related activities such as conferences, lectures, seminars and exchanges with IP practitioners organised by the IPD. Other promotional and educational activities included the IP Literacy Concert, Inter-School Online Intellectual Property Quiz Contest, and a number of events organised in collaboration with organisations of the right-holders and youth, such as the "Respect Copyright" Campaign. These activities attracted over 176 000 students and received positive responses from the vast majority of the participants;

- to strengthen the promotion of the national support for Hong Kong to develop into a regional IP trading centre under the National 14th Five-Year Plan as well as Hong Kong's competitive edge, the IPD has worked with Radio Television Hong Kong since 2022 to produce a television series named "IP: New Opportunities" with a total of 18 episodes in 2 seasons. Another new season of the television programme promoting IP trading is being planned for broadcasting in 2024-25.

The IPD has all along been keeping in touch with the industry and stakeholders, conducting regular surveys on public awareness of IP protection, and collecting feedback from participants of the relevant promotional and educational activities, in order to assess the effectiveness of the relevant activities and draw up more effective promotional and educational strategies and programmes. In overall terms, the IPD's promotional and educational work has received general support from the public, the industry and stakeholders.

Carrying out promotional and educational programmes for the public, the industry and stakeholders as well as promoting IP trading are part of the overall work of the IPD, the expenditure of which is subsumed under the overall estimates and is executed by existing manpower. It is therefore difficult to quantify the expenditures and manpower involved separately.

- End -

CEDB139

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0806)

Head: (78) Intellectual Property Department

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

Programme: (2) Protection of Intellectual Property

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

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Matters Requiring Special Attention in 2024-25 include forging ahead with the preparatory work for implementing the Madrid Protocol in Hong Kong. In this connection, please inform this Committee of the following:

1. What are the details of the latest work progress? What are the details of the timetable for implementation in Hong Kong?

2. What were the details of the promotion and education activities, with emphasis on intellectual property protection, management and commercialisation, organised for small and medium enterprises in the past financial year? What were the level of participation and feedback from the enterprises? What are the work plan and estimated expenditure for organising activities in 2024-25?

Asked by: Hon LIAO Cheung-kong, Martin (LegCo internal reference no.: 16)

Reply:

To enable the early implementation of the international trade mark registration system under the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks (Madrid Protocol) in Hong Kong, the Government is pressing ahead with the necessary preparatory work. On the legislative front, the Government briefed the Legislative Council Panel on Commerce, Industry, Innovation and Technology in April 2023 on the legislative proposals for the related subsidiary legislation, and received support from the Panel. Other local preparatory work includes formulating the workflow for processing applications for trade mark registration filed under the international registration system, preparing for the roll-out of the required information technology system, arranging manpower training, etc.

Since the Madrid Protocol is an international treaty, we need to seek the formal agreement of the Central People's Government to apply the Madrid Protocol to Hong Kong. The Government will continue to maintain communication with the Mainland authorities to further discuss the detailed arrangements for implementing the international trade mark registration system in Hong Kong.

The Intellectual Property Department (IPD) has been organising intellectual property (IP) training courses and practical workshops for Hong Kong enterprises including small and medium enterprises (SMEs), and providing them with free IP consultation services. The IPD has also worked with different stakeholders to promote IP protection, management and commercialisation through various activities. Details are as follows:

- the IPD launched the IP Manager Scheme for SMEs in May 2015 with a view to enhancing their IP manpower capacity and boosting their competitiveness through IP management and commercialisation. To meet the development needs of the enterprises, the IPD launched the IP Manager Scheme PLUS in October 2020 to provide more comprehensive and in-depth IP training courses and practical workshops. As at end-February 2024, about 7 700 practitioners had participated in such training. According to the feedback from the course evaluation, over 91% of the participants found the training very good or outstanding. The IPD will continue to enhance the above Scheme and training courses to provide IP training to different sectors. It is expected that the training courses and practical workshops will continue to attract more than 1 000 participants in the 2024-25 financial year;

- the IPD has continued to provide free IP Consultation Service for SMEs. From the pilot launch of the initiative in December 2014 to end-February 2024, a total of 662 SMEs participated in the initiative. Since January 2023, the Law Society of Hong Kong has increased the number of lawyers on the team providing the service and extended the duration of each consultation session. According to the feedback from the evaluation, over 98% of the participating enterprises were satisfied with the consultation service;

- the Government has continued to co-organise the annual Business of IP Asia Forum (BIP Asia Forum) with the Hong Kong Trade Development Council. The 2023 Forum, which resumed physical participation in full, was held on 7 and 8 December and attracted over 2 500 participants from 35 countries and regions, including leaders of the World Intellectual Property Organization and the China National Intellectual Property Administration, as well as IP experts from the Asia-Pacific Economic Cooperation and the Association of Southeast Asian Nations. The IPD will continue to support the BIP Asia Forum with the addition of new features to provide an excellent platform for IP authorities, experts, practitioners and trading partners from different regions around the world to exchange views on IP-related issues and explore more opportunities for co-operation and development. The 2024 Forum will be held on 5 and 6 December 2024;

- to strengthen the promotion of the national support for Hong Kong to develop into a regional IP trading centre, and to promote Hong Kong's competitive edge in developing into a regional IP trading centre under the National 14th Five-Year Plan, the IPD has worked with the Radio Television Hong Kong since 2022 to produce a television series named "IP: New Opportunities" with a total of 18 episodes in 2 seasons. Another new season of television programme for promoting IP trading is being planned for broadcasting in 2024-25;

- over the years, under the framework of the Guangdong/Hong Kong Expert Group on the Protection of Intellectual Property Rights, the IPD has been collaborating with various cities in the Guangdong Province in organising a variety of activities to support the business sector (including SMEs) in strengthening IP protection and management for their Mainland operations, including the annual Guangdong/Hong Kong Seminar on Intellectual Property and Development of Small and Medium Enterprises. The seminar invites expert speakers from Hong Kong and the Mainland specialising in different fields (including arbitration and mediation) to deliver speeches in cities in the Guangdong Province, with a view to assisting the business sector (including SMEs) in developing effective IP management, exploitation and commercialisation strategies, let them have a better understanding of and capitalise on the opportunities offered by the development of the Guangdong-Hong Kong-Macao Bay Area, thus promoting innovative development of the enterprises and enhancing competitiveness.

Promoting the development of IP trading is part of the overall work of the IPD. It is therefore difficult to quantify the resources required for such efforts separately.

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB140

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0805)

Head: (78) Intellectual Property Department

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

Programme: (2) Protection of Intellectual Property

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

Director of Bureau: Secretary for Commerce and Economic Development

Question:

In the Matters Requiring Special Attention in 2024-25, it is mentioned that:

1. "The Intellectual Property Department (IPD) will continue to work with stakeholders to develop and promote Hong Kong as a regional intellectual property (IP) trading centre in accordance with the National 14th Five-Year Plan". In this regard, apart from planning for the establishment of a World Intellectual Property Organization Technology and Innovation Support Centre (TISC) in Hong Kong, and setting aside $45 million to support the Hong Kong Productivity Council in establishing and operating the TISC (as mentioned in paragraph 161 of the Budget Speech), what work has been commenced or is prepared to be launched by the IPD? Which stakeholders are in collaboration with the IPD?

2. What are the most common difficulties encountered by the Guangdong/Hong Kong Expert Group on the Protection of IP Rights in assisting the Hong Kong business sectors in strengthening their IP protection, management and commercialisation in the Mainland (including the Greater Bay Area)? What are the industries and mediation involved? Are there any staff deployed to the Mainland offices at this stage? If yes, please provide the details; if not, what are the reasons?

3. In 2023-24, how many cases of non-compliance with "No Fakes Pledge" Scheme were received by the IPD and how were they handled in the end?

4. Paragraph 159 of the Budget Speech mentioned that for the past 3 years, the IPD has granted an average of more than 10 000 standard patent registrations each year. Please list the types of applications for patent registration, the number of patents granted and the number of unsuccessful applications in the past 3 years.

Asked by: Hon MA Fung-kwok (LegCo internal reference no.: 19)

Reply:

Promoting the development of Hong Kong as a regional IP trading centre

The HKSAR Government has been implementing a series of short-, medium- and long-term measures (including strengthening IP protection, building capacity and promoting widely) to further develop Hong Kong as a regional IP trading centre for boosting Hong Kong's competitive advantages in developing IP trading in the region, thereby dovetailing with the important national strategy to develop IP and integrating into the national development. The Chief Executive has announced in the 2023 Policy Address that the Government will leverage our advantages in legal, taxation and professional services to develop Hong Kong into a regional IP trading centre. The major measures introduced or to be launched by the IPD include:

Strengthening IP protection

- The latest amendments to the Copyright Ordinance came into force in May 2023 to strengthen copyright protection in the digital environment. We will conduct consultation within this year to explore further enhancement of the Copyright Ordinance regarding protection for artificial intelligence technology development, so as to ensure that Hong Kong's copyright regime remains robust and competitive.

- The fees chargeable by the Designs Registry has been reduced by 10% to 70% to encourage the trade to register designs in a timely manner for transformation and application. The new fees came into effect on 1 March 2024.

- A review of the registered designs regime is initiated in 2024 with a view to commencing consultation in 2025 on the way forward in updating the regime, so as to ensure that the regime closely follows the mainstream international practices and meets future local industrial development needs.

- The IPD will continue to forge ahead with the preparatory work for implementing the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks in Hong Kong, and strive for the implementation of the international trademark registration system as soon as possible.

- The IPD will continue to strengthen and enlarge its patent examination team. As at March 2024, IPD's original grant patent (OGP) examination team had a total of 29 examiners, with its establishment covering the 3 major technology fields of electricity, chemistry and mechanical engineering. An additional funding of about $84 million in total has been allocated to the IPD for the 3 financial years from 2022-23 to 2024-25 for employing and nurturing more patent examiners to progressively enhance the capability for substantive examination under the OGP system, with the medium-term goal of expanding the patent examination team to about 40 examiners in 2025. In the long run, the IPD will strive to progressively build a team of about 100 examiners and acquire institutional autonomy in conducting substantive patent examination by 2030. The IPD will sustain its efforts in staff recruitment and training, enhancement of case examination, institutional establishment and enhancement, etc. is ongoing. With respect to technical support and staff training, it will maintain close liaison with the China National Intellectual Property Administration (CNIPA) to, amongst others, arrange for training of its patent examiners by the CNIPA in the Mainland.

- The Government will allocate an additional funding of about $12 million in total to the IPD over the next 3 financial years (i.e. from 2024-25 to 2026-27) for taking the lead in discussing with stakeholders to plan for the introduction of regulatory arrangements for local patent agent services, covering professional qualification requirements and registration, as well as the regulatory model and framework, with the aim of enhancing service quality and nurturing talents, in support of the development of the OGP system. The IPD has commenced the relevant preparatory work, including reviewing the key issues relating to introduction of the regulatory arrangements, forming a work team and liaising with stakeholders etc.

Implementing the "patent box" tax incentive

- The Government submitted to the Legislative Council in April 2024 amendment to the Inland Revenue Ordinance with a view to implementing the "patent box" tax incentive, which will substantially reduce the tax rate for profits derived from qualifying IP to 5%. This incentive aims to encourage enterprises to devote more resources to research and development, and conduct commercialisation transactions making use of patents and other IP assets.

Building capacity

- The IPD launched the IP Manager Scheme for small and medium enterprises (SMEs) in May 2015 with a view to enhancing their IP manpower capacity and boosting their competitiveness through IP management and commercialisation. To meet the development needs of the enterprises, the IPD launched the IP Manager Scheme PLUS (Scheme) in October 2020 to provide more comprehensive and in-depth IP training courses and practical workshops. As at the end of February 2024, about 7 700 practitioners had participated in such training. The IPD will continue to enhance the Scheme and training courses for provision of IP training to different sectors. It is expected that the training courses and practical workshops will continue to attract more than 1 000 participants in the 2024-25 financial year. Moreover, the IPD has been providing free IP consultation services for SMEs. From the pilot launch of the initiative in December 2014 to February 2024, a total of 662 SMEs had participated in the initiative. Since January 2023, the Law Society of Hong Kong has increased the number of lawyers on the team providing the services and extended the duration of each consultation session.

Promoting widely and education

- The HKSAR Government has been co-organising the annual Business of IP Asia Forum with the Hong Kong Trade Development Council. Held on 7 and 8 December 2023, the 2023 Forum returned to a fully physical format and attracted over 2 500 participants from 35 countries and regions, including leaders of the World Intellectual Property Organization (WIPO) and CNIPA, as well as IP experts from the Asia-Pacific Economic Cooperation and Association of Southeast Asian Nations (ASEAN). The 2024 Forum will be held on 5 and 6 December 2024.

- To foster regional collaboration with the ASEAN economies in promoting IP commercialisation, the IPD, pursuant to the "ASEAN – Hong Kong, China Free Trade Agreement" framework and in collaboration with the WIPO, organised an ASEAN Session at the Business of IP Asia Forum on the topic of trademark and brand licensing in December 2023. The session was attended by representatives of IP authorities from 10 ASEAN economies and attracted over 180 participants. The IPD will continue to seek co-operation with the ASEAN countries in the IP fields.

- To strengthen the promotion of the national support for Hong Kong's development into a regional IP trading centre under the National 14th Five-year Plan and our competitive edge in IP trading, the IPD has worked with Radio Television Hong Kong since 2022 to produce a television series entitled "IP: New Opportunities" with a total of 18 episodes in 2 seasons, and plans to launch a new series of television programme to promote IP trading in 2024-25.

- In February 2023, the Commerce and Economic Development Bureau and the Authority of Qianhai Shenzhen-Hong Kong Modern Service Industry Co-operation Zone of Shenzhen Municipality jointly promulgated the "16 Co-operation Measures for the Development of the Qianhai Shenzhen-Hong Kong Intellectual Property and Innovation Hub" (the 16 Co-operation Measures) which covered co-operation in IP protection, exploitation and transformation, exchange and study, promotion and education, and IP trading, etc. The IPD will continue to work closely with the IP authorities of the Mainland to promote IP protection, management and trading under various collaborative frameworks such as the Guangdong/Hong Kong Expert Group on the Protection of IP Rights (the Expert Group), the Pan-Pearl River Delta IP Co-operation Joint Conference and the 16 Co-operation Measures. To enhance cross-boundary co-operation in IP trading and services, the IPD also plans to strengthen the IP co-operation programmes relating to the development of the Guangdong-Hong Kong-Macao Greater Bay Area (GBA), and encourages GBA enterprises to make use of Hong Kong's professional services, such as IP agencies, management and consulting, legal services, arbitration, mediation and accounting.

- The IPD will continue to collaborate with IP authorities in the Mainland and overseas to promote IP trading and IP commercialisation, including participating in conferences and seminars organised by international and regional IP organisations such as the WIPO and the Intellectual Property Rights Experts Group of the APEC.

Guangdong-Hong Kong co-operation in IP protection

Under the framework of the Expert Group, the IPD has been collaborating with various cities in the Guangdong Province in organising a variety of activities to support the business sector (including SMEs) in strengthening IP protection and management for their Mainland operations, including the annual Guangdong/Hong Kong Seminar on IP and Development of SMEs. The seminar invites various expert speakers from Hong Kong and the Mainland specialising in different fields (including arbitration and mediation) to deliver keynote speeches in cities in the Guangdong Province, with the aim of assisting the business sector (including SMEs) in developing effective IP management, exploitation and commercialisation strategies, so as to better understand and capitalise on the opportunities offered by the development of the GBA as well as promote the development of innovation and enhance the competitiveness of the enterprises. The feedback indicated that nearly 70% of the participants considered the seminar be conducive to strengthening SMEs' awareness of IP protection. With the Mainland's vigorous strengthening the protection of IP rights and optimizing the environment for innovation and business operation, the IP protection issues encountered by the Hong Kong commercial and industrial sectors when running business in the Mainland have been significantly reduced. So far, no report on the Hong Kong commercial and industrial sectors encountering enormous difficulties in IP protection, management and commercialisation in the Mainland (including the GBA) has been received by the Expert Group. The Economic and Trade Office set up by the HKSAR Government in Guangdong also provides support covering IP-related aspect to Hong Kong enterprises in the Guangdong Province.

"No Fakes Pledge" Scheme

In 2023-24, no cases of members of the "No Fakes Pledge" Scheme breaching the code of conduct of the scheme were recorded by the IPD.

Standard patent applications and registrations Note 1

The number of standard patent applications by technology fields, and the respective numbers of standard patents granted and unsuccessful applications handled by the IPD in the past 3 years are set out as follows:

Number of standard patent applications by technology fields			
	2021	**2022**	**2023**
Electrical engineering	8 008	5 892	4 548
Instruments	2 700	2 613	2 429
Chemistry	8 045	8 993	8 370
Mechanical engineering	1 480	1 403	1 331
Other fields	1 482	1 047	881
Unidentified Note 2	228	216	225
Total number of standard patent applications	**21 943**	**20 164**	**17 784**

	2021	**2022**	**2023**
Standard patents granted	14 662	11 602	10 866
Unsuccessful standard patent applications Note 3	5 370	4 640	5 088

Note 1: Including standard patents by re-registration and standard patents by original grant.

Note 2: Because the applicants had not provided any patent specifications, the Patents Registry was unable to categorise the applications by technology fields.

Note 3 Reasons for unsuccessful applications included applications being refused due to non-compliance with the statutory requirements, applicants failing to pay the required prescribed fees, and applicants withdrawing their applications of their own accord. Over 90% of the unsuccessful patent applications were attributed to applicants' failure to make maintenance applications or pay the maintenance fees.

- End -

CEDB141

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0925)

Head: (79) Invest Hong Kong

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

Programme: (-) Investment Promotion

Controlling Officer: Director-General of Investment Promotion (Ms Alpha LAU)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is mentioned under the Programme that "Invest Hong Kong (InvestHK) will continue to strengthen global investment promotion efforts and enhance promotion strategies to encourage multinational companies, startups, scaleups and family offices to set up or expand their businesses in Hong Kong, including those from the Mainland and Belt and Road markets". In fact, the Office for Attracting Strategic Enterprises has successfully attracted dozens of strategic enterprises to Hong Kong over the past year. Such results were remarkable. However, according to a survey conducted by the Census and Statistics Department, the same period saw a slight decrease in the numbers of both regional headquarters and regional offices set up in Hong Kong by enterprises located outside Hong Kong. In this connection, will the Government advise this Committee of:

a. whether InvestHK has looked into the decrease or change in the numbers of regional headquarters and offices and pinpointed the causes for this;

b. whether InvestHK has provided assistance or incentives for the enterprises concerned with a view to retaining them;

c. how InvestHK will promote the development of headquarters economy in the coming year?

Asked by: Hon CHAN Kin-por (LegCo internal reference no.: 7)

Reply:

Invest Hong Kong (InvestHK) is committed to attracting and retaining foreign direct investment, including Mainland and overseas companies' regional headquarters, regional offices and local offices in Hong Kong, thereby promoting the development of various sectors and enhancing impetus for economic growth in Hong Kong.

Since the Government began to relax anti-epidemic measures in end-2022, InvestHK has already stepped up its engagement efforts with overseas and Mainland companies across various sectors to gauge their sentiments, understand their concerns and needs, provide updates on Hong Kong's latest business opportunities and offer appropriate support. Subsequently, with the full resumption of cross-boundary travel with the Mainland since February 2023 and lifting of the mask mandate from March 2023, InvestHK further strengthened its engagement efforts, including identifying target companies that might have relocated some or all of their operations from Hong Kong earlier due to COVID-19, and providing the necessary support to facilitate their businesses to return to Hong Kong.

In 2023, InvestHK assisted a total of 382 companies to set up or expand their businesses in Hong Kong, an increase of 27% when compared with 2022. This result well exceeded the performance indicator as set out in the 2022 Policy Address (i.e. to attract at least a total of 1 130 companies to set up or expand their operations in Hong Kong from 2023 to 2025) on a pro-rata basis. These companies included those that have returned to Hong Kong after previously relocating their businesses elsewhere, those that set up in Hong Kong for the first time, as well as those that continued to expand their existing businesses. They brought in direct investment of more than $61.6 billion and created over 4 100 jobs within the first year of operation or expansion.

The Chief Executive announced in the 2023 Policy Address that the Government would develop "Headquarters Economy" to attract Mainland and overseas companies to set up headquarters/corporate divisions in Hong Kong, bringing in quality enterprises to explore the immense opportunities under the national and international dual circulation initiative. The initiative will facilitate foreign enterprises to tap into the Mainland market, and also assist Mainland enterprises to go global. The Government understands that many enterprises have cross-boundary funding needs arising from business development or research activities. Our ability to facilitate such funding requirements could incentivise enterprises to establish in Hong Kong. The Financial Services and the Treasury Bureau will explore with relevant Mainland authorities measures to facilitate Mainland enterprises to set up headquarters/corporate divisions in Hong Kong (such as arrangements conducive to capital investment). The detailed measures, including proposals applicable to the development of headquarters businesses, will be announced in a timely manner once they are ready for implementation.

When carrying out its investment promotion work, InvestHK will follow relevant bureaux' policy steer to actively attract and assist enterprises that are interested in setting up and expanding their businesses in Hong Kong, and offer one-stop customised services, from the planning to implementation stages, so as to assist the enterprises to set up headquarters/corporate divisions and other businesses in Hong Kong.

- End -

Reply Serial No.

CEDB142

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0926)

Head: (79) Invest Hong Kong

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

Programme: (-) Investment Promotion

Controlling Officer: Director-General of Investment Promotion (Ms Alpha LAU)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Programme stated that Invest Hong Kong will "continue to strengthen global investment promotion efforts and enhance promotion strategies to encourage multinational companies, startups, scaleups and family offices to set up or expand their businesses in Hong Kong, including those from the Mainland and Belt and Road markets, so as to capitalise on the business opportunities arising from the National 14th Five-Year Plan, the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) development and the Belt and Road Initiative". In this connection, will the Government inform this Committee of:

a. the number of activities organised in the past year to attract enterprises and investment to Hong Kong, including investment promotion efforts targeting multinational companies, startups, scaleups and family offices, as well as the specific details and effectiveness of such activities;

b. with regard to the 7.4% increase in the estimate of the Department for 2024-25, the details of strengthening the promotion work in relation to the Belt and Road Initiative;

c. the specific details of the Department's efforts on enhancement of promotion strategies;

d. whether the Government will consider replicating the successful model of the Office for Attracting Strategic Enterprises to the work of Invest Hong Kong, such as adopting the proactive business attraction approach?

Asked by: Hon CHAN Kin-por (LegCo internal reference no.: 8)

Reply:

In 2023, Invest Hong Kong (InvestHK) assisted 382 companies to set up or expand their businesses in Hong Kong, an increase of 27% compared with 2022. The result well exceeded the performance indicator as set out in the 2022 Policy Address (i.e. to attract at least a total of 1 130 companies to set up or expand their operations in Hong Kong from 2023 to 2025) on a pro-rata basis.

In the same year, the Department also organised, sponsored or supported a total of 435 events in Hong Kong, the Mainland and overseas. Flagship events included the Wealth for Good in Hong Kong Summit, Hong Kong FinTech Week, StartmeupHK Festival and Reception for New Foreign and Mainland Companies in Hong Kong. The events brought together local, overseas and Mainland enterprises, chambers of commerce, consulates and other important stakeholders, promoted Hong Kong's unique advantages and the huge opportunities in various industries, so as to attract more overseas and Mainland enterprises to set up businesses in Hong Kong, and at the same time reinforced the confidence of all sectors of the community in Hong Kong's economic development and commercial activities.

In view of the huge economic potential of the countries along the Belt and Road (B&R), InvestHK will implement the measures outlined in the 2023 Policy Address and the 2024-25 Budget to strengthen investment promotion work by setting up consultant offices along the B&R, especially in emerging countries in the Middle East, Central Asia and Africa. InvestHK has earmarked funding in the 2024-25 budget for hiring consultants and organising events to strengthen the investment promotion efforts in emerging markets along the B&R. The Department will set up consultant offices in Cairo, the capital of Egypt, and Izmir, the third largest city in Türkiye within 2024-25 to bring in capital and enterprises from high-potential emerging countries in the Middle East and North Africa respectively. The estimated annual expenditure of each consultant office is around $1.5 million.

Apart from attracting overseas and Mainland enterprises to set up their businesses in Hong Kong through its global investment promotion network, InvestHK also attaches great importance to the publicity and promotion work to proactively tell the good stories of Hong Kong. Through media and social media, the Department will continue strengthening its promotion efforts to encourage overseas and Mainland companies to set up businesses and invest in Hong Kong, as well as proactively promoting the importance of attracting businesses and investment to Hong Kong economic development and the success stories of setting up businesses in Hong Kong. For example, the Department partnered with Radio Television Hong Kong to produce an eight-episode documentary titled "HK Business Made Easy" in 2023, showcasing the success stories of over ten enterprises that have set up businesses and invested in Hong Kong, so as to promote Hong Kong's unique advantages and its favourable business environment.

Since the establishment of the Office for Attracting Strategic Enterprises (OASES) in December 2022, InvestHK and OASES have been working closely with each other in attracting inward investments to Hong Kong. While OASES focuses on strategic enterprises from industries of strategic importance to Hong Kong, InvestHK focuses on enterprises from various other sectors. Despite having different target sectors, OASES and InvestHK proactively identify and reach out to multinational corporations and leading corporations in key geographical markets around the world and to enterprises with high potential and economic value. The Department will continue to attract and assist enterprises that are interested in setting up and expanding businesses in Hong Kong, and offer one-stop customised support services, from the planning to implementation stages. Meanwhile, InvestHK proactively encourages enterprises to expand their businesses in Hong Kong through aftercare support.

- End -

Reply Serial No.

CEDB143

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1185)

Head: (79) Invest Hong Kong

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

Programme: (-) Investment Promotion

Controlling Officer: Director-General of Investment Promotion (Ms Alpha LAU)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

As announced in the 2022-23 Budget, Invest Hong Kong has been allocated additional recurrent funding of around $90 million in phases starting from 2022/23. Will the Government inform this Committee of:

(1) the breakdown of number of investment promotion activities including meetings, conferences, seminars, and exhibitions, etc;

(2) the breakdown of the number of meetings by Invest HK with target companies by geographic market in the past 3 years;

(3) the breakdown of the number of meetings with target companies by sector in the past 3 years;

(4) the breakdown of foreign direct investment inflow into Hong Kong by geographic market in the past 3 years;

(5) the manpower resources and expenditure involved in the past 3 years; and

(6) the work plan and priority sectors in 2024/25 in promoting Hong Kong's business opportunity and the manpower resources and estimated expenditure involved.

Asked by: Hon IP LAU Suk-yee, Regina (LegCo internal reference no.: 34)

Reply:

Through its teams based in Hong Kong, the 17 Dedicated Teams for Attracting Businesses and Talents (Dedicated Teams) based in the Mainland Offices and the overseas Hong Kong Economic and Trade Offices, as well as 16 consultant offices in key locations not covered by the Dedicated Teams, Invest Hong Kong (InvestHK) has all along been reaching out to a wide spectrum of companies in different sectors and industries around the world to attract and assist them to set up and expand their businesses in Hong Kong, and offering one-stop customised support services, from the planning to implementation stages.

In the past 3 years, there was an increase in number of meetings between InvestHK and target companies from various key sectors and major regional markets. The breakdown by place of origin and sector is as follows:

Place of origin	**2021**	**2022**	**2023**
Asia (other than the Middle East) and Pacific	About 4 030	About 4 350	About 5 210
Europe	About 1 480	About 1 970	About 2 650
Americas	About 1 250	About 1 180	About 1 260
Africa and the Middle East	About 160	About 170	About 380
Total	**About 6 920**	**About 7 670**	**About 9 500**

Sectors	**2021**	**2022**	**2023**
Business and Professional Services	About 1 200	About 1 190	About 960
Consumer Products	About 420	About 380	About 390
Creative Industries	About 330	About 310	About 330
Family Office	About 10	About 50	About 100
Financial Services and Fintech	About 750	About 850	About 780
Innovation and Technology	About 1 220	About 1 110	About 1 300
Tourism and Hospitality	About 450	About 450	About 480
Transport and Industrial	About 340	About 420	About 380
Cross-sector	About 2 200	About 2 910	About 4 780
Total	**About 6 920**	**About 7 670**	**About 9 500**

In addition to meeting with target companies, InvestHK also conducts other investment promotion activities to provide potential investors and companies from Mainland and overseas with the latest information on Hong Kong's business environment. In 2023, other investment promotion activities conducted by InvestHK included around 150 large-scale meetings, about 260 seminars and about 30 exhibitions. The expenses involved were subsumed under the overall estimated expenditure of InvestHK which included administrative overhead expenses and hence could not be quantified separately.

According to the statistics released by the Census and Statistics Department, the breakdown of foreign direct investment inflow into Hong Kong by geographic region in the past 3 years is as follows:

Region	**2020 ($ billion)**	**2021 ($ billion)**	**2022 ($ billion)**
Asia (other than the Middle East) and Pacific	505.9	456.3	384.4
Europe	108.8	66.3	98.4
Americas	410.7	544.4	358.8

Region	2020 ($ billion)	2021 ($ billion)	2022 ($ billion)
Africa and the Middle East	19.5	22.6	17.4
Total	**1,045.0**	**1,089.7**	**859.0**

Note: Figures in the tables may not add up to the total due to rounding.

In view of the huge economic potential of the countries along the Belt and Road (B&R), InvestHK will strengthen investment promotion work by setting up consultant offices along the B&R, especially emerging countries in the Middle East, Central Asia and Africa. InvestHK will set up consultant offices in Cairo, the capital of Egypt, and Izmir, the third largest city in Türkiye within 2024-25 to bring in capital and enterprises from high-potential emerging countries in the Middle East and North Africa respectively. The estimated annual expenditure of each consultant office is around $1.5 million.

In 2024-25, InvestHK will continue to leverage Hong Kong's roles as a "super-connector" and a "super value-adder", as well as to collaborate with relevant organisations, chambers of commerce, and professional bodies, etc., to organise investment promotion activities, including meetings, conferences, roadshows, seminars, exhibitions, etc. so as to proactively provide potential investors in the Mainland and overseas with the latest information on Hong Kong's business environment and attract Mainland and overseas enterprises to set up or expand businesses in Hong Kong. Hong Kong's distinctive advantages of enjoying strong support of the Motherland and being closely connected to the world and other core strengths, as well as the immense opportunities brought by national strategies including the National 14th Five-Year Plan, the Guangdong-Hong Kong-Macao Greater Bay Area development and the B&R Initiative will be highlighted in the promotional activities.

Besides, the New Capital Investment Entrant Scheme (the new CIES), which InvestHK is assisting the Financial Services and the Treasury Bureau (FSTB) to implement, was launched on 1 March 2024. The new CIES further enriches the talent pool and attracts more new capital to Hong Kong, helps strengthen the development advantages of the asset and wealth management and related professional service sectors in Hong Kong as well as supports the development of innovation and technology industry. The New CIES Office under InvestHK is responsible for assessing whether the applications fulfil the financial requirements under the Scheme, and the Immigration Department is responsible for assessing the applications for visa/entry permit and extension of stay, etc. pursuant to the Scheme. InvestHK will step up publicity of the new CIES, including promoting the Scheme to different chambers of commerce, international stakeholders and family offices, and conducting extensive publicity to target client groups.

The overall estimated expenditure of InvestHK in 2024-25 is about $306.5 million. The increase in the estimates is mainly due to setting up 2 new consultant offices, strengthening investment and trade promotion work in emerging markets along the B&R, and assisting FSTB in implementing the new CIES. The expenses involved in the work plan and priority sectors for promoting business opportunities in Hong Kong have been subsumed under the above-mentioned overall estimated expenditure which include administrative overhead expenses and hence cannot be quantified separately.

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB144

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0461)

Head: (79) Invest Hong Kong

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

Programme: (-) Investment Promotion

Controlling Officer: Director-General of Investment Promotion (Ms Alpha LAU)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Under Matters Requiring Special Attention in 2024-25, it is mentioned that Invest Hong Kong (InvestHK) will continue to strengthen global investment promotion efforts and enhance promotion strategies to encourage multinational companies, startups, scaleups and family offices to set up or expand their businesses in Hong Kong, including those from the Mainland and Belt and Road (B&R) markets, so as to capitalise on the business opportunities arising from the National 14th Five-Year Plan, the Guangdong-Hong Kong-Macao Greater Bay Area development and the B&R Initiative. Please advise this Committee of:

1) the plans of InvestHK for attracting multinational companies and family offices from the B&R countries or regions to set up their businesses in Hong Kong; and

2) whether additional resources will be allocated to support Hong Kong enterprises in expanding markets in the B&R countries or regions in order to enhance their competitiveness; if so, of the estimated expenditure involved; if not, of the reasons.

Asked by: Hon LAM Kin-fung, Jeffrey (LegCo internal reference no.: 9)

Reply:

Through its teams based in Hong Kong, the 17 Dedicated Teams for Attracting Businesses and Talents (Dedicated Teams) based in the Mainland Offices and the overseas Hong Kong Economic and Trade Offices, as well as 16 consultant offices in key locations not covered by the Dedicated Teams, Invest Hong Kong (InvestHK) has all along been reaching out to a wide spectrum of companies in different sectors and industries around the world to attract and assist them to set up or expand their businesses in Hong Kong, and offering one-stop customised support services, from the planning to implementation stages.

In view of the huge economic potential of the countries along the Belt and Road, InvestHK will strengthen investment promotion work by setting up consultant offices along the Belt and Road, especially emerging countries in the Middle East, Central Asia and Africa. InvestHK will set up consultant offices in Cairo, the capital of Egypt, and Izmir, the third largest city in Türkiye within 2024-25 to bring in capital and enterprises from high-potential emerging countries in the Middle East and North Africa respectively. The estimated annual expenditure of each consultant office is around $1.5 million.

To attract family offices to Hong Kong, the Legislative Council passed the Inland Revenue (Amendment) (Tax Concessions for Family-owned Investment Holding Vehicles) Bill 2022 in May 2023 to provide profits tax concessions for eligible family-owned investment holding vehicles managed by single family offices in Hong Kong. Under the policy guidance of the Financial Services and the Treasury Bureau (FSTB), InvestHK and its Dedicated FamilyOfficeHK Team launched the Network of Family Office Service Providers in June 2023 to bring together a global network of teams in relevant professional service fields to promote Hong Kong's advantages and opportunities to global family offices. The Dedicated FamilyOfficeHK Team will continue to provide one-stop services to family offices that are interested in setting up a base in Hong Kong and attract multinationals and family offices from emerging countries and regions along the Belt and Road to set up their businesses in Hong Kong. The New Capital Investment Entrant Scheme, which InvestHK is assisting FSTB to implement, was launched for application on 1 March 2024 to attract asset owners to settle in the city and explore its diverse investment opportunities through wealth allocation and management.

As for assisting Hong Kong enterprises to tap more overseas business opportunities in countries along the Belt and Road, InvestHK will proactively cooperate with the responsible Belt and Road Office by assisting it in organising small-scale missions to further cultivate these Belt and Road markets, and organising visits for enterprises of the Belt and Road countries in Hong Kong to visit the Mainland using Hong Kong as the service base.

InvestHK will continue to leverage Hong Kong's roles as a "super-connector" and a "super value-adder", as well as to collaborate with relevant organisations, chambers of commerce, and professional bodies, etc., to organise investment promotion activities, including meetings, conferences, roadshows, seminars, exhibitions, etc. so as to proactively provide potential investors in the Mainland and overseas with the latest information on Hong Kong's business environment and attract Mainland and overseas enterprises to set up or expand businesses in Hong Kong. Hong Kong's distinctive advantages of enjoying strong support of the Motherland and being closely connected to the world and other core strengths, as well as the immense opportunities brought by national strategies including the National 14th Five-Year Plan, the Guangdong-Hong Kong-Macao Greater Bay Area development and the Belt and Road Initiative will be highlighted in the promotional activities.

- End -

CEDB145

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1674)

Head: (79) Invest Hong Kong

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

Programme: (-) Investment Promotion

Controlling Officer: Director-General of Investment Promotion (Ms Alpha LAU)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is stated under the Brief Description of the Programme that foreign direct investment inflow into Hong Kong dropped sharply from $1,089.7 billion recorded in 2021 to $859 billion in 2022. During the same period, share of foreign direct investment inflow into Hong Kong in the overall inflow into South, East and South-East Asia also decreased substantially by around 10 percentage points. In this connection, will the Government inform this Committee of:

a) the details of the abovementioned two sets of data in the past 5 years and the reasons for the significant decrease shown in the data in recent years, as well as whether the Government has taken follow-up actions and conducted investigations into the underlying reasons; and

b) whether the Government has formulated measures and a timetable to tackle the decline in foreign direct investment inflow; if yes, the details?

Asked by: Hon LUK Hon-man, Benson (LegCo internal reference no.: 7)

Reply:

During the period from 2018 to 2022, the foreign direct investment (FDI) inflow into Hong Kong and the share of FDI inflow into Hong Kong in the overall inflow into South, East and South-East Asia (the share) are provided below:

	2018	2019	2020	2021	2022
FDI inflow into Hong Kong ($ billion)	817.1	577.6	1,045.0	1,089.7	859.0
The share (in percentage)	22.9%	16.1%	28.4%	23.4%	18.4%

Note: Data for 2023 has not yet been released

According to the World Investment Report promulgated annually by the United Nations Conference on Trade and Development, various global factors affected the overall global FDI inflows, resulting in different trends in the past 5 years. Compared with 2021, there was a decrease in the overall global FDI inflows, same as the situation of Hong Kong's FDI inflows during the period. The decrease in FDI inflow into Hong Kong was mainly attributable to the decrease in the inflow of external investment (equity or inter-company debts) from overseas affiliated companies to Hong Kong companies during the peak of the epidemic. Besides, the decrease in "the share" in 2022 as compared with 2021 may be attributed to the fact that other countries in South Asia, East Asia and Southeast Asia resumed to normalcy earlier than Hong Kong.

Notwithstanding the above, Hong Kong remained within the top 6 economies in the world in terms of FDI inflows from 2018 to 2022. In 2023, Invest Hong Kong (InvestHK) assisted 382 Mainland and overseas companies to set up or expand their businesses in Hong Kong, an increase of 27% compared with 2022. The result well exceeded the performance indicator as set out in the 2022 Policy Address (i.e. to attract at least a total of 1 130 companies to set up or expand their operations in Hong Kong from 2023 to 2025) on a pro-rata basis. The above data has fully demonstrated that Hong Kong remains highly attractive as a base for multinational companies to manage their global investments and businesses.

Under "One Country, Two Systems", Hong Kong has the distinctive advantages of enjoying strong support of the Motherland and being closely connected to the world, plays the important roles as a "super-connector" and a "super value-adder", and serves as a two-way springboard for attracting overseas enterprises and for Mainland enterprises to "go global". Being one of the most competitive economies in the world, Hong Kong's institutional fundamentals and other core strengths (including continuation of the common law system, exercise of independent judicial power by the Judiciary, a favourable business environment with efficient and transparent markets, a regulatory regime in line with international rules, an efficient and clean Government, a simple and low tax system, world-class professional services, and free flow of goods and factors of production including talents, capital and information, etc.), make Hong Kong the only place in the world where the global advantage and the China advantage come together in a single economy. We are confident that the above unique advantages as well as key national strategies, including the National 14th Five-Year Plan, the Guangdong-Hong Kong-Macao Greater Bay Area development and the Belt and Road (B&R) Initiative, provide Hong Kong with unlimited opportunities and will continue to be beneficial for Hong Kong in attracting FDI.

In the coming year, InvestHK will implement the measures outlined in the 2023 Policy Address and the 2024-25 Budget to strengthen investment promotion work by setting up consultant offices along the B&R, especially in emerging countries in the Middle East, Central Asia and Africa. The Department will set up consultant offices in Cairo, the capital of Egypt, and Izmir, the third largest city in Türkiye within 2024-25 to bring in capital and enterprises from high-potential emerging countries in the Middle East and North Africa respectively. InvestHK will continue to strengthen investment promotion work by fully leveraging Hong Kong's advantages on all fronts and making every effort in attracting overseas and Mainland enterprises to invest in Hong Kong. Riding on the good performance in 2023, the Department will continue to implement the performance indicator as set out in the 2022 Policy Address.

- End -

Reply Serial No.

CEDB146

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1675)

Head: (79) Invest Hong Kong

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

Programme: (-) Investment Promotion

Controlling Officer: Director-General of Investment Promotion (Ms Alpha LAU)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is mentioned in the Matters Requiring Special Attention that Invest Hong Kong (InvestHK) will continue to strengthen its overseas and Mainland network comprising Dedicated Teams for Attracting Businesses and Talents in overseas Economic and Trade Offices and Mainland Offices as well as overseas consultants, and step up efforts to attract target strategic companies to Hong Kong. Besides, it will continue to strengthen the aftercare services for overseas and Mainland enterprises and investors in Hong Kong. In this connection, please inform this Committee of:

a) whether InvestHK has any specific plan and timetable for expanding its overseas and Mainland network; if yes, the details;

b) the numbers of overseas and Mainland enterprises which have been successfully attracted to Hong Kong so far, as well as the details; and

c) the specific measures to strengthen the aftercare services mentioned by InvestHK.

Asked by: Hon LUK Hon-man, Benson (LegCo internal reference no.: 8)

Reply:

Through its teams based in Hong Kong, the 17 Dedicated Teams for Attracting Businesses and Talents (Dedicated Teams) based in the Mainland Offices and the overseas Hong Kong Economic and Trade Offices, as well as 16 consultant offices in key locations not covered by the Dedicated Teams, Invest Hong Kong (InvestHK) has all along been reaching out to a wide spectrum of companies in different sectors and industries around the world to attract and assist them to set up or expand their businesses in Hong Kong, and offering one-stop customised support services, from the planning to implementation stages.

Apart from proactively attracting new enterprises to set up businesses in Hong Kong, InvestHK also attaches great importance to providing aftercare support to the enterprises which it has previously assisted, as well as other major overseas and Mainland enterprises in

Hong Kong. The professional teams of InvestHK will continue to develop organised and systematic programmes to reach out to major investors. Strategic discussions are also conducted to assist them to study and evaluate new growth areas and opportunities ahead to facilitate their business expansion in Hong Kong.

In view of the huge economic potential of the countries along the Belt and Road, InvestHK will strengthen investment promotion work by setting up consultant offices along the Belt and Road, especially emerging countries in the Middle East, Central Asia and Africa. InvestHK will set up consultant offices in Cairo, the capital of Egypt, and Izmir, the third largest city in Türkiye within 2024-25 to bring in capital and enterprises from high-potential emerging countries in the Middle East and North Africa respectively.

In 2023, InvestHK assisted 382 companies to set up or expand their businesses in Hong Kong, an increase of 27% compared with 2022. The result well exceeded the performance indicator as set out in the 2022 Policy Address (i.e. to attract at least a total of 1 130 companies to set up or expand their operations in Hong Kong from 2023 to 2025) on a pro-rata basis. Analysed by locations of parent companies, the 382 companies mainly came from the Mainland (136), followed by the United Kingdom (48), the United States (34), Singapore (27) and Australia (13). Riding on the good performance, InvestHK will continue to make every effort in attracting overseas and Mainland enterprises to invest in Hong Kong and continue to implement the performance indicator as set out in the 2022 Policy Address.

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB147

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1894)

Head: (79) Invest Hong Kong

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

Programme: (-) Investment Promotion

Controlling Officer: Director-General of Investment Promotion (Ms Alpha LAU)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Invest Hong Kong (InvestHK) has all along been playing the specific role of attracting businesses and investment, bringing in enterprises from within and outside the country to expand their businesses in Hong Kong. As mentioned in paragraph 31 of the Budget Speech, InvestHK, alongside other departments and parties including the Office for Attracting Strategic Enterprises (OASES), will actively reach out to enterprises from the Mainland and overseas, and proactively attract and assist high value-added technology industries and enterprises to establish a foothold in Hong Kong. In this connection, will the Government inform this Committee of the following:

1. Under Head 79, the estimate for InvestHK in 2024-25 is $306.5 million, which is 7.4% higher than the revised estimate of $285.5 million for last year. What are the reasons for the increase in the estimate for next year and the major uses of the increased estimate?

2. Given that there are a significant number of heavyweight top-notch enterprises in the textiles, clothing and fashion industry in the Mainland and overseas, will InvestHK step up efforts to attract more top-notch enterprises in the industry to expand their businesses in Hong Kong, including setting up research and development centres, design centres or regional headquarters and regional supply chain management centres, so as to enhance the ecosystem for the industry?

3. How will InvestHK enhance the co-operation, co-ordination and division of work with the OASES for better synergy in attracting businesses and investment?

4. What are the staff establishment and expenditure involved in respect of the Dedicated Teams for Attracting Businesses and Talents as well as the overseas consultants in overseas Economic and Trade Offices and Mainland Offices? Does the Government have any plans to expand the Dedicated Teams for Attracting Businesses and Talents as well as the pool of overseas consultants, with a view to enhancing our work on attracting businesses and investment?

5. As mentioned in paragraph 97 of last year's Budget Speech, \$100 million would be allocated to InvestHK over the next 3 years for attracting more family offices to Hong Kong. For the past year, how many family offices has InvestHK reached out to and how many family offices have been attracted to expand their businesses in Hong Kong? What specific strategies will be in place to attract more family offices to Hong Kong?

Asked by: Hon TAN Sunny (LegCo internal reference no.: 24)

Reply:

Through its teams based in Hong Kong, the 17 Dedicated Teams for Attracting Businesses and Talents (Dedicated Teams) based in the Mainland Offices and the overseas Hong Kong Economic and Trade Offices (ETOs), as well as 16 consultant offices in key locations not covered by the Dedicated Teams, Invest Hong Kong (InvestHK) has all along been reaching out to a wide spectrum of companies in different sectors and industries around the world to attract and assist them to set up or expand their businesses in Hong Kong, and offering one-stop customised support services, from the planning to implementation stages.

At present, there are 33 and 46 posts established under the Dedicated Teams in the Mainland Offices and overseas ETOs respectively. The relevant expenditure involved has been subsumed under the overall estimated expenditure of the Constitutional and Mainland Affairs Bureau, Commerce and Economic Development Bureau and InvestHK, and hence cannot be quantified separately.

In view of the huge economic potential of the countries along the Belt and Road, InvestHK will strengthen investment promotion work by setting up consultant offices along the Belt and Road, especially emerging countries in the Middle East, Central Asia and Africa. InvestHK will set up consultant offices in Cairo, the capital of Egypt, and Izmir, the third largest city in Türkiye within 2024-25 to bring in capital and enterprises from high-potential emerging countries in the Middle East and North Africa respectively. The estimated annual expenditure of each consultant office is around \$1.5 million.

The increase in the Estimate 2024-25 of InvestHK is mainly due to the additional funding allocated for setting up the 2 new consultant offices to strengthen investment promotion work in emerging markets along the Belt and Road, as well as assisting the Financial Services and the Treasury Bureau (FSTB) in the implementation of the New Capital Investment Entrant Scheme.

Since the establishment of the Office for Attracting Strategic Enterprises (OASES) in December 2022, InvestHK and OASES have been working closely with each other and InvestHK officers have been seconded to OASES in order to attract inward investments to Hong Kong. While OASES focuses on strategic enterprises from industries of strategic importance to Hong Kong, InvestHK focuses on other enterprises from various sectors. InvestHK's investment promotion officers in the Mainland Offices and overseas ETOs are core members of the Dedicated Teams, and they act as the first point of contact outside Hong Kong whenever Mainland and overseas enterprises (regardless of fields) approach them.

On attracting enterprises from the textiles, clothing and fashion industry, InvestHK will step up its promotional efforts by proactively supporting and partnering with trade publications and event organisers to further its outreach efforts and enhance communication with the industry, with a view to attracting and retaining overseas and Mainland companies in the textiles, clothing and fashion industry. For example, InvestHK works closely with the Hong Kong Research Institute of Textiles and Apparel and various design institutes to showcase Hong Kong as an excellent design or research hub for the industry, and promote Hong Kong as an ideal location for setting up regional headquarters. In addition, InvestHK organised and sponsored a number of seminars, information sessions and networking events themed on sustainability and environmental, social and governance (ESG) in 2023 in collaboration with various industry partners, and industry members had been invited to join.

Meanwhile, to promote development of family office business in Hong Kong, InvestHK set up a dedicated FamilyOfficeHK team with the funding support from FSTB to provide one-stop support services to family offices and ultra-high-net-worth individuals interested in developing their foothold in Hong Kong in 2021. Since its establishment until February 2024, the FamilyOfficeHK team has received over 600 enquiries on setting up family offices in Hong Kong, mainly from the Mainland, Association of South East Asian Nations countries, Middle East, Europe and the Americas, etc. InvestHK has successfully assisted 58 family offices to establish or expand their operations in Hong Kong.

The FamilyOfficeHK team has already set up offices in Beijing, Brussels, Dubai and Singapore, and plans to increase manpower in the Mainland (such as Shanghai) to tell the good stories of Hong Kong and to focus on the promotion of Hong Kong’s competitiveness as a family office hub to target clients. In 2023, the FamilyOfficeHK team conducted over 150 diversified and face-to-face interactive events (such as roundtables, seminars, conferences, media interviews, and external visits, etc.) in Hong Kong, the Mainland and overseas (including South East Asia, the Middle East, Europe, the Americas and Australia) to showcase Hong Kong’s competitiveness and unique advantages as a family office hub to target clients. Riding on last year’s success, FSTB and InvestHK co-organised the second edition of the Wealth for Good in Hong Kong Summit on 27 March this year. The highly acclaimed family office exclusive Summit, themed “Growing with Certainty Amid Growing Uncertainty”, brought together influential family offices from around the world to engage together with the profession, asset owners and wealth successors to explore investment opportunities and effective wealth management amidst the volatile global economic climate, as well as to showcase Hong Kong’s long-standing vision as a leading hub for family offices and international asset and wealth management.

- End -

CEDB148

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2820)

Head: (79) Invest Hong Kong

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

Programme: (-) Investment Promotion

Controlling Officer: Director-General of Investment Promotion (Ms Alpha LAU)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Do the government authorities concerned have any plans to provide education and training on Basic Law Article 23 (BL23) legislation to different levels of staff of Invest Hong Kong, in order to promote their awareness and understanding of the details and nature of BL23 legislation, such that when these staff meet overseas players from the commerce and industry sectors, they can respond to and answer their questions on BL23 legislation readily to dispel misunderstanding? If yes, what are the details and key performance indicators regarding the work of providing education and training in this respect? If no, what are the reasons?

Asked by: Hon WONG Chun-sek, Edmund (LegCo internal reference no.: 48)

Reply:

Invest Hong Kong (InvestHK) and its investment promotion staff in the overseas Hong Kong Economic and Trade Offices (ETOs) not only have been proactively promoting Hong Kong's distinctive advantages of being a "super-connector" and a "super value-adder" under "One Country, Two Systems" so as to attract foreign investment, but also been taking the initiative to clarify and rebut false information regarding Hong Kong, and telling the good stories of Hong Kong.

The Security Bureau has explained in detail the legislative background of the Basic Law Article 23 (BL23) legislation and its important clauses to all policy bureaux, relevant departments and relevant staff of the ETOs, such that they could explain to the public the legislative intent and relevant clauses of the BL23 legislation with clarity, thereby alleviating doubts of the public; the relevant staff will also continue to promote Hong Kong's strategic position as an international trade and finance centre.

As always, staff of InvestHK will continue to promote Hong Kong's unique position under "One Country, Two Systems" and the city's advantages on various fronts, as well as the immense business opportunities brought by the Belt and Road Initiative and the Guangdong-Hong Kong-Macao Greater Bay Area development.

- End -

Reply Serial No.

CEDB149

CONTROLLING OFFICER'S REPLY

(Question Serial No. 3208)

Head: (79) Invest Hong Kong

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

Programme: (-) Investment Promotion

Controlling Officer: Director-General of Investment Promotion (Ms Alpha LAU)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Provision for 2024-25 is $21.0 million (7.4%) higher than the revised estimate for 2023-24. This is mainly due to the increased provisions for implementing the New Capital Investment Entrant Scheme (CIES), as well as engaging consultants and organising activities to strengthen investment and trade promotion work in emerging markets along the Belt and Road. In this connection, please inform this Committee of:

1. the specific expenditure and the key performance indicators for the implementation of the New CIES;

2. the work of engaging consultants and the specific expenditure involved; and

3. the detailed list of activities to be organised and the specific expenditure involved.

Asked by: Hon WONG Chun-sek, Edmund (LegCo internal reference no.: 27)

Reply:

Through its teams based in Hong Kong, the 17 Dedicated Teams for Attracting Businesses and Talents (Dedicated Teams) based in the Mainland Offices and the overseas Hong Kong Economic and Trade Offices, as well as 16 consultant offices in key locations not covered by the Dedicated Teams, Invest Hong Kong (InvestHK) has all along been reaching out to a wide spectrum of companies in different sectors and industries around the world to attract and assist them to set up or expand their businesses in Hong Kong, and offering one-stop customised support services, from the planning to implementation stages.

In view of the huge economic potential of the countries along the Belt and Road (B&R), InvestHK will implement the measures outlined in the 2023 Policy Address and the 2024-25 Budget to strengthen investment promotion work by setting up consultant offices along the B&R, especially emerging countries in the Middle East, Central Asia and Africa. InvestHK has earmarked funding in the 2024-25 budget for hiring consultants and organising events to strengthen the investment promotion work in emerging markets along the B&R. The

Department will set up consultant offices in Cairo, the capital of Egypt, and Izmir, the third largest city in Türkiye within 2024-25 to bring in capital and enterprises from high-potential emerging countries in the Middle East and North Africa respectively. The estimated annual expenditure of each consultant office is around $1.5 million.

InvestHK will continue to leverage Hong Kong's roles as a "super-connector" and a "super value-adder", as well as to collaborate with relevant organisations, chambers of commerce, and professional bodies, etc., to organise investment promotion activities, including meetings, conferences, roadshows, seminars, exhibitions, etc. so as to proactively provide potential investors in the Mainland and overseas with the latest information on Hong Kong's business environment and attract Mainland and overseas enterprises to set up or expand businesses in Hong Kong. Hong Kong's distinctive advantages of enjoying strong support of the Motherland and being closely connected to the world and other core strengths, as well as the immense opportunities brought by national strategies including the National 14th Five-Year Plan, the Guangdong-Hong Kong-Macao Greater Bay Area development and the B&R Initiative will be highlighted in the promotional activities. The expenditure involved has been subsumed under the overall estimated expenditure of InvestHK which include administrative overhead expenses and hence cannot be quantified separately.

- End -

CEDB150

CONTROLLING OFFICER'S REPLY

(Question Serial No. 3106)

Head: (79) Invest Hong Kong

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

Programme: (-) Investment Promotion

Controlling Officer: Director-General of Investment Promotion (Ms Alpha LAU)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

1. Please list out the number of staff, posts and salary expenditure of each overseas office of Invest Hong Kong (InvestHK), including those of outsourced staff in the past 5 years.

2. Will the Government review the effectiveness delivered by all overseas offices of Invest HK, reshuffle (e.g. closing down) those with reduced economic benefits due to geopolitics and allocate resources to countries with potential (such as those in the Middle East and along the Belt and Road) for setting up and expanding their business in Hong Kong? If yes, what are the details? If no, what are the reasons?

Asked by: Hon WONG Ying-ho, Kennedy (LegCo internal reference no.: 38)

Reply:

Through its teams based in Hong Kong, the 17 Dedicated Teams for Attracting Businesses and Talents (Dedicated Teams) based in the Mainland Offices and the overseas Hong Kong Economic and Trade Offices (ETOs), as well as 16 consultant offices in key locations not covered by the Dedicated Teams, Invest Hong Kong (InvestHK) has all along been reaching out to a wide spectrum of companies in different sectors and industries around the world to attract and assist them to set up or expand their businesses in Hong Kong, and offering one-stop customised support services, from the planning to implementation stages.

Except Geneva ETO which represents Hong Kong, China in the World Trade Organization and the Trade Committee of the Organisation for Economic Co-operation and Development, and Washington ETO which is mainly responsible for liaising with the political circle in the United States, Dedicated Teams have been established under other ETOs for attracting enterprises and investment, including assisting overseas enterprises to set up or expand their businesses in Hong Kong. During the five years from 2019-20 to 2023-24, the Dedicated Teams [Note 1] (and the Investment Promotion Units before their transformation) under ETOs had 35, 36, 37, 44 and 46 posts respectively. The salary expenditure of the relevant staff (including agency workers) were subsumed under the overall estimated expenditure of ETOs and InvestHK, and hence could not be quantified separately.

Note 1: Dedicated Teams were established in December 2022.

We have set multiple indicators to measure the performance of ETOs. The 2024 estimated performance indicators in respect of investment promotion are as follows:

Indicators	**2024 (Estimate)**
New projects generated [Note 2]	280
Projects completed [Note 3]	140

Note 2 : New projects with the potential of becoming completed projects in the coming 18 months. The figure reflects the investment promotion efforts in a particular year, discounting projects carried forward from previous years.

Note 3 : Investment projects each resulting in an overseas company setting up or undergoing a significant expansion in Hong Kong with the assistance of InvestHK.

In view of the huge economic potential of the countries along the Belt and Road (B&R), InvestHK will strengthen investment promotion work by setting up consultant offices along the B&R, especially emerging countries in the Middle East, Central Asia and Africa. InvestHK will set up consultant offices in Cairo, the capital of Egypt, and Izmir, the third largest city in Türkiye within 2024-25 to bring in capital and enterprises from high-potential emerging countries in the Middle East and North Africa respectively.

InvestHK's teams based in Hong Kong will continue to work closely with all Dedicated Teams and consultant offices. Apart from working on reinforcing the traditional markets, InvestHK will also, at the same time, drive investment promotion work to attract foreign investment from emerging markets. Also, InvestHK collaborates with relevant organisations, chambers of commerce, and professional bodies, etc., to organise investment promotion activities, including meetings, conferences, roadshows, seminars, exhibitions, etc. so as to proactively provide potential investors in the Mainland and overseas with the latest information on Hong Kong's business environment and attract Mainland and overseas enterprises to set up or expand businesses in Hong Kong. Hong Kong's distinctive advantages of enjoying strong support of the Motherland and being closely connected to the world and other core strengths, as well as the immense opportunities brought by national strategies including the National 14th Five-Year Plan, the Guangdong-Hong Kong-Macao Greater Bay Area development and the B&R Initiative will be highlighted in the promotional activities.

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB151

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1979)

Head: (160) Radio Television Hong Kong

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

Programme: (3) New Media

Controlling Officer: Director of Broadcasting (Eddie CHEUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Regarding the performance of New Media services, please inform this Committee of the following:

a. What were the numbers of active users of the 6 mobile applications mentioned in paragraph 16 of the document over the past 3 years? What was the operating expense of each application?

b. It is mentioned in paragraph 18 of the document that "Daily visits" and "Daily access of new pages" for rthk.hk will decrease in 2024-25. What are the reasons for that?

Asked by: Hon FOK Kai-kong, Kenneth (LegCo internal reference no.: 9)

Reply:

The average monthly usage of the 6 mobile applications of Radio Television Hong Kong (RTHK) in the past 3 years are tabulated below:

Mobile Application	**Usage (based on the average usage of the application on a monthly basis)** Note 1		
	2021	**2022**	**2023**
RTHK on the Go	179 000	136 000	123 000
RTHK TV	26 000	23 000	20 000
RTHK Radio	97 000	98 000	99 000
RTHK News	129 000	125 000	79 000
RTHK Chinese History – the Flourishing Age	Not available Note 2		
RTHK Audio Description	Not available Note 2		

Note 1: Rounded to the nearest thousand

Note 2: As 2 applications are not equipped with "usage" trackers, the relevant data are not available.

RTHK does not have a breakdown of the operating expenditure for each individual mobile application.

The decrease in the numbers of "daily visits" and "daily access of news pages" for RTHK's website "rthk.hk" in 2024-25 is mainly due to the fact that the public may not rely on the website to obtain information as they are able to obtain information on current affairs, entertainment and other contents from different platforms, including social media. In addition, the number of daily visits to RTHK's website is also indirectly affected by the heightened restrictions on real-time online streaming and archives for acquired programmes. In view of the above, RTHK will make suitable adjustments to improve and enrich the content provided on its website in order to provide accurate and useful information to the public, and will step up cross-media publicity through RTHK's various platforms in order to increase the number of visits to RTHK's website.

- End -

CEDB152

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1381)

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:

The Television (TV) Division of Radio Television Hong Kong (RTHK) produces TV programmes and operates 5 Digital Terrestrial Television channels. Among them, RTHK TV 31 and 32 have more in-house produced programmes. Will the Administration inform this Committee of the following:

a) The number of episodes and number of hours of in-house produced programmes of RTHK in the past year;

b) The staff establishment involved in the aforementioned in-house produced programmes; and

c) The expenditure involved in the aforementioned in-house produced programmes.

Asked by: Hon HO Kwan-yiu, Junius (LegCo internal reference no.: 11)

Reply:

The total hours of first-run programmes of Radio Television Hong Kong (RTHK) are 5 950 hours in 2023-24. RTHK does not have a breakdown on the number of episodes, staff establishment and expenditure involved in the relevant programmes.

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB153

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1383)

Head: (160) Radio Television Hong Kong

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

Programme: (1) Radio, (2) Public Affairs and General Television Programme, (3) New Media

Controlling Officer: Director of Broadcasting (Eddie CHEUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Under Article 9 of The Law of the People's Republic of China on Safeguarding National Security in the Hong Kong Special Administrative Region, the Hong Kong Special Administrative Region shall strengthen its work on safeguarding national security and prevention of terrorist activities. The Government of the Hong Kong Special Administrative Region shall take necessary measures to strengthen public communication, guidance, supervision and regulation over matters concerning national security, including those relating to schools, universities, social organisations, the media, and the internet. Article 10 expressly provides that the Hong Kong Special Administrative Region shall promote national security education in schools and universities and through social organisations, the media, the internet and other means to raise the awareness of Hong Kong residents of national security and of the obligation to abide by the law. As a government department, Radio Television Hong Kong (RTHK) shall perform the above work. Will the Government inform this Committee of the following:

1. In 2023-2024, how many programmes on national security education have been produced and broadcasted by the Radio Division of RTHK? What are the details?

2. In 2023-2024, how many programmes on national security education have been produced and broadcasted by the Television Division of RTHK? What are the details?

3. Will the Administration consider including "national security education" into the Programme Production Goals?

Asked by: Hon HO Kwan-yiu, Junius (LegCo internal reference no.: 13)

Reply:

Radio Television Hong Kong (RTHK) has always attached great importance to the promotion of national security education, and programmes about national security education are already covered under the Programme Production Goal "promote understanding of the concept of 'One Country, Two Systems' and engender a sense of citizenship and national identity".

For television, in 2023-24, RTHK has produced and broadcast a series of programmes relating to national security, including "Flag Raising Ceremony of the National Security Education Day", "Opening Ceremony cum Seminars of the National Security Education Day", "2023 Constitution Day Seminar", "Root & Origin: The Constitution", "Basic Law And Us", "Basic Law Daily", "Talk About Basic Law With Photo" (Cantonese, Putonghua and English versions), "Parade By Disciplined Services And Youth Groups Cum Carnival For Celebrating The 74th Anniversary Of The Founding Of The People's Republic Of China", "Offbeat 360", etc.   Furthermore, RTHK has also live broadcast relevant Legislative Council panel meetings, including meetings of Bills Committee on Safeguarding National Security Bill, meetings of Panel on Security, meetings of Panel on Constitutional Affairs, meetings of Panel on Administration of Justice and Legal Services, etc.

For radio, in 2023-24, RTHK has also produced and relayed numerous programmes relating to national security education, including "NSL Chronicles II", "20 Questions About Diplomacy 2023", "The Nitty Gritty of Law", "National Security Education Day Seminar", "The 15th Hong Kong Cup Diplomatic Knowledge Contest", "Young Politician – Constitution Day Special", "All About Basic Law", "'Protect Your Online Identity' Seminar and Speech Contest Award Ceremony", special programmes on "Public Consultation on Article 23 Legislation" and "Stay Vigilant in Cyberspace, Safeguard Your Digital Identity", etc.

RTHK will continue to proactively produce and broadcast different television and radio programmes to strengthen the promotion of national security.

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB154

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1392)

Head:	(160) Radio Television Hong Kong
Subhead (No. & title):	(-) -
Programme:	(1) Radio, (2) Public Affairs and General Television Programme
Controlling Officer:	Director of Broadcasting (Eddie CHEUNG)
Director of Bureau:	Secretary for Commerce and Economic Development

Question:

The Charter of Radio Television Hong Kong (RTHK) stipulates that RTHK should "engender a sense of citizenship and national identity through programmes that contribute to the understanding of our community and nation". Putting in order the education on the National Security Law is precisely to engender a sense of citizenship and national identity among the public. As such, it is the responsibility of RTHK to comply with the Hong Kong Special Administrative Region Government's putting in order the education on the Hong Kong National Security Law and the Basic Law, so as to enhance the public awareness of maintaining national security and abiding by the law, and prevent them from being distorted and misled by the anti-China destabilising forces, causing misunderstanding and unnecessary fear. In this connection, will the Government inform this Committee of the following:

Over the past financial year, how far have the key performance indicators (KPIs) set by RTHK been achieved? Have the indicators been met? What are the KPIs for the coming financial year?

The Financial Secretary has stated in this year's Budget that the civil service establishment will achieve "zero growth". Will the Administration consider, in terms of programme production, introducing programmes of China Central Television to reduce in-house productions, thereby saving manpower resources?

Asked by: Hon HO Kwan-yiu, Junius (LegCo internal reference no.: 22)

Reply:

Radio Television Hong Kong (RTHK)'s performance is evaluated under 8 Programme Production Goals (PPGs) drawn up by summarising the public purposes, mission and programming objectives stipulated in the Charter of RTHK. Among them, one of the PPGs is to "promote understanding of the concept of 'One Country, Two Systems' and engender a sense of citizenship and national identity". The annual target transmission hours for radio and TV programmes under this PPG are 1 100 hours and 2 514 hours respectively. The targets were successfully achieved in 2023-24 and it is expected that RTHK can also achieve the respective annual target transmission hours in 2024-25.

Regarding RTHK's manpower and programme production, RTHK has all along enhanced its efficiency through review of workflow, deployment of internal resources and better use of technology, and will continue to strengthen cooperation with Mainland broadcasters to engender a sense of citizenship and national identity. For example, RTHK TV introduced a series of premium programmes from the China Media Group (CMG) in 2023-24, including "Vanguards", "Decode 10 Years", "Our Journey", "Signs of the Republic", "Seeds", "China Aspirations", "Homes in Beautiful China", "Shan He Jin Xiu". For radio, RTHK and CMG have co-produced different programmes in 2023-24 to enable the public to learn more about national development, including the informative and interactive programme "Listen More, Learn More" co-produced by Radio 5 and Radio the Greater Bay to disseminate cultural knowledge in a fun way; and the Bay Area elderly care special "Retiring in the Greater Bay Area" to explore the new development of elderly services in the Bay Area.

- End -

CEDB155

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1394)

Head: (160) Radio Television Hong Kong

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

Programme: (2) Public Affairs and General Television Programmes

Controlling Officer: Director of Broadcasting (Eddie CHUENG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Broadcasting House and the Television House of Radio Television Hong Kong (RTHK) on Broadcast Drive are over 30 years old, with most of the hardware being outdated and aging, and the condition less than satisfactory. In 2009, the Government proposed the construction of a new Broadcasting House in Tseung Kwan O, and had sought for formal funding approval of $6 billion from the Legislative Council (LegCo) in 2013, but the bid was not approved and was vetoed by LegCo in the end. As revitalisation of existing buildings is more economical in the use of public money than the construction of new buildings, will the Government consider renting and revitalising the site of ex-Asia Television Limited studio in Sai Kung District and use it as the new building of RTHK?

Asked by: Hon HO Kwan-yiu, Junius (LegCo internal reference no.: 24)

Reply:

To cater for operational needs, apart from the Broadcasting House and the Television House, Radio Television Hong Kong (RTHK) commenced usage of the offices and program production facilities located in the AIA Kowloon Building in Kwun Tong under tenancy in 2023, including studios, programme production studios, editing rooms and props workshops, etc. RTHK will also continue to repair and maintain the Broadcasting House and the Television House in order to meet its production and development needs for providing high-quality broadcasting services to the public. RTHK currently has no plan to rent the site of the ex-Asia Television Limited studio. Further, RTHK will continue to study the relocation of the Broadcasting House in order to meet long-term development needs.

- End -

CEDB156

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1395)

Head: (160) Radio Television Hong Kong

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

Programme: (1) Radio, (2) Public Affairs and General Television Programme

Controlling Officer: Director of Broadcasting (Eddie CHEUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Charter of Radio Television Hong Kong (RTHK) stipulates that RTHK should "engender a sense of citizenship and national identity through programmes that contribute to the understanding of our community and nation". Putting in order the education on the National Security Law is precisely to engender a sense of citizenship and national identity among the public. As such, it is the responsibility of RTHK to comply with the Hong Kong Special Administrative Region Government's putting in order the education on the Hong Kong National Security Law and the Basic Law, so as to enhance the public awareness of maintaining national security and abiding by the law, and prevent them from being distorted and misled by the anti-China destabilising forces, causing misunderstanding and unnecessary fear. In recent years, RTHK has close connection with the China Media Group to strengthen patriotic education; and has relayed channels of China Central Television (CCTV) and China Global Television Network, so as to allow the Hong Kong public to understand the national circumstances. In this connection, will the Government inform this Committee of the following:

1. Will the Government consider introducing more CCTV channels or programmes to allow the public to learn more about the national development, so that they can have a more comprehensive understanding of the real national conditions? Or will the Government introduce our nation's history, development and achievements through different programmes of RTHK, with a view to enhancing patriotic sentiments among the public, so that they would understand and tell good stories of China and Hong Kong? If so, what are the details? If not, what are the reasons?

2. Will RTHK promise to produce more national education programmes relating to the National Security Law and Article 23 of the Basic Law and promote them in the future, so as to enhance the public's sense of national identity?

Asked by: Hon HO Kwan-yiu, Junius (LegCo internal reference no.: 25)

Reply:

In order to engender a sense of citizenship and national identity, Radio Television Hong Kong (RTHK) is committed to strengthening its partnership with Mainland broadcasters by co-production of television programmes that foster affection for and sense of belonging to our country.

For television, apart from relaying China Central Television Channel (CCTV-1), China Global Television Network (CGTN) Documentary Channel of the China Media Group (CMG) and CGTN English Channel on RTHK TV 33, 34 and 35 respectively, RTHK introduced a series of premium programmes from CMG in 2023-24, including “Vanguards”, “Decode 10 Years”, “Our Journey”, “Signs of the Republic”, “Seeds”, “China Aspirations”, “Homes in Beautiful China” and “Shan He Jin Xiu”. Besides, RTHK has started co-production of the documentary “The Taste of Hong Kong” with CMG to showcase the unique charm of Hong Kong’s food culture, and co-production of the documentary “My Home, My Panda” with Sichuan Radio and Television to introduce the conservation programmes carried out by Sichuan and Hong Kong experts and to showcase how pandas being the ambassadors connect the two regions. Besides, Yunnan Satellite TV assists RTHK in producing a travelogue about Yunnan to introduce the culture, history and customs of Yunnan, so as to enhance our citizen’s appreciation of the richness and beauty of traditional Chinese culture.

For radio, apart from relaying the FM channel Radio the Greater Bay of CMG and the AM channel Voice of Hong Kong of China National Radio, RTHK and CMG have co-produced different programmes in 2023-24 to enable the public to learn more about national development, including the informative and interactive programme “Listen More, Learn More” co-produced by Radio 5 and Radio the Greater Bay of CMG to disseminate cultural knowledge in a fun way; and the Bay Area elderly care special “Retiring in the Greater Bay Area” to explore the new development of elderly services in the Bay Area. Besides, the premium special contents of CMG have been broadcast in “Happy Daily” of Radio 1, “Chinese Pop Chart” of Radio 2, and “Hear the World” and “Charming China” of the Putonghua Channel respectively. RTHK will continue to co-produce various programmes with Radio the Greater Bay of CMG, including “Charming China” Special: 75th Anniversary of the Founding of the People’s Republic of China, “Walking Around Hong Kong”, “New Look of the ‘Bay’”, etc.

Meanwhile, RTHK has been proactively producing and broadcasting different television and radio programmes to strengthen promotion of national security including television programmes “Flag Raising Ceremony of the National Security Education Day”, “Opening Ceremony cum Seminars of the National Security Education Day”, “Root & Origin: The Constitution”, live broadcast relevant Legislative Council panel meetings including meetings of Bills Committee on Safeguarding National Security Bill, radio programmes “More About the National Security Law”, “NSL Chronicles III”, “NSL Q&A”, etc.

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB157

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0482)

Head: (160) Radio Television Hong Kong

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

Programme: (-) -

Controlling Officer: Director of Broadcasting (Eddie CHEUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Radio Television Hong Kong (RTHK) expects that in 2024-25, there will be increases in the operating expenses and capital expenditure, with a decrease of 5 posts in total. Will the Administration inform this Committee of the following:

1. What are the reasons for the increases in the operating expenses and capital expenditure, the posts to be decreased, as well as the impacts on the relevant work?

2. How many additional civil servants have been recruited by the Administration over the past 3 years? What were the increases and the amounts of expenditure involved?

3. What were the television programmes acquired by RTHK over the past 3 years, the programme hours and the amounts of expenditure involved?

4. Over the past 3 years, how many programmes have been commissioned by RTHK to local producers? What were the amounts of expenditure involved?

Asked by: Hon LAM Kin-fung, Jeffrey (LegCo internal reference no.: 30)

Reply:

The estimated expenditure of Radio Television Hong Kong (RTHK) in 2024-25 is $66 million (5.5%) higher than the 2023-24 revised estimate. The increase is mainly due to the expenses required for the programme production, promotion, live coverage and live broadcast of events for the 15th National Games, the 12th National Games for Persons with Disabilities and the 9th National Special Olympic Games, as well as for enhancement and upgrading of infrastructure for the broadcasting signal coverage and relay of the events.

In 2024-25, through internal redeployment and streamlining of procedures, RTHK will reduce 5 non-directorate civil service posts including Clerical Assistant, Office Assistant and

Property Attendant. These posts mainly assist in administrative support work and RTHK's programmes and quality of service will not be affected.

RTHK did not conduct civil service recruitment exercise in 2021-22 and 2022-23. RTHK recruited civil servants in 2023-24 to fill existing vacancies. The overall establishment of RTHK remains unchanged.

Over the past 3 years, the programme hours of RTHK's acquired TV programmes and programme titles are tabulated as below:

Year	**Programme hours**	**Programme title**
2021-22	728.1 hours	"Like a Flowing River", "Like a Flowing River 2", "The Bond", "Star of Ocean", etc.
2022-23	1 092.3 hours	"Medal of the Republic", "Diplomatic Situation", "Glory of Special Forces", "Flavours of a thousand Cities", etc.
2023-24	1 007.3 hours	"Bright Future", "The Knockout", "Ace Troops", "AI in China", etc.

The expenditure on acquired TV programmes was absorbed within the existing resources. RTHK does not have a breakdown on expenditure for individual programme.

Regarding programme production, to nurture local production talents, RTHK has changed from previous programme commissioning to collaboration with different organisations in order to provide learning and professional practice opportunities for the younger generation, and nurture Hong Kong's new creative force. For example, RTHK has signed a Memorandum of Understanding with the Vocational Training Council, so as to provide young talents a learning platform and showcase youngsters' passion and creativity in programme/video creation to audience through the productions from students of the Higher Diploma Programme in Film and Television of the Hong Kong Design Institute. The expenditure of the above collaboration project was absorbed within the existing resources. RTHK does not have a breakdown on expenditure for individual item.

- End -

Examination of Estimates of Expenditure 2024-25 Reply Serial No.

CEDB158

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0499)

Head: (160) Radio Television Hong Kong

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

Programme: (3) New Media

Controlling Officer: Director of Broadcasting (Eddie CHEUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Regarding the Programme New Media of Radio Television Hong Kong (RTHK), will the Government inform us of the following:

1. RTHK at present provides 6 mobile applications in total featuring different services (namely "RTHK on the Go", "RTHK TV", "RTHK Radio", "RTHK News", "RTHK Chinese History – the Flourishing Age" and "RTHK Audio Description"), and services on social media (such as YouTube, Facebook and Instagram). What are the numbers of followers for the respective applications? What are the manpower and expenditure required by each of them?

2. Will RTHK consider consolidating the applications providing similar services to reduce the manpower and resources required? If not, what are the reasons?

Asked by: Hon TSE Wai-chuen, Tony (LegCo internal reference no.: 25)

Reply:

The number of downloads of the 6 mobile applications and the number of followers of the social media of Radio Television Hong Kong (RTHK) are tabulated below:

Mobile Application	Accumulated Number of Downloads as at end of February 2024 Note 1
RTHK on the Go	2 540 000
RTHK TV	670 000
RTHK Radio	549 000
RTHK News	708 000
RTHK Chinese History – the Flourishing Age	205 000
RTHK Audio Description	5 000 Note 2

Note 1: Rounded to the nearest thousand

Note 2: Through transmitting the audio channel of the audio description TV programmes broadcasting on RTHK TV 31 to mobile devices in real time, the mobile application "RTHK Audio Description" enables the visually impaired to "view the programmes with ears". The application has received positive feedback from the visually impaired community since its launch in 2021. The application mainly serves the visually impaired community and the number of downloads is lower than that of other applications provided for viewers/listeners in general. RTHK will step up promotion to the visually impaired community through social welfare organisations and explore to enhance the diversity of the programmes available on the application so as to serve a broader visually impaired community.

Social Media	Number of Followers as at end of February 2024 Note 3
YouTube	1 103 000
Facebook (including news pages)	1 388 000
Instagram (including news pages)	148 000

Note 3: Rounded to the nearest thousand

The total operating expenditure of the 6 mobile applications in 2023-24 is $740,000. RTHK does not have a breakdown of the operating expenditure and manpower involved in each individual mobile application.

RTHK will regularly review the use of each mobile application and social media. RTHK Vox and RTHK Memory ceased to operate in February and September 2023 respectively due to low usage rates. In addition, RTHK has reorganised and renamed the applications to reflect the respective service positioning and function more clearly.

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB159

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2165)

Head: (181) Trade and Industry Department

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

Programme: (3) Support for Small and Medium Enterprises and Industries

Controlling Officer: Director-General of Trade and Industry (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

In June 2012, the Government launched the "Dedicated Fund on Branding, Upgrading and Domestic Sales" ("BUD Fund") and extended the geographical coverage to markets of the Association of Southeast Asian Nations ("ASEAN") in 2018 and 2021 respectively. Please inform this Council:

1 The number of approved projects and the amount of grants under the "Mainland Programme" and the "FTA and IPPA Programme" in each of the past three years;

2 If the Government provides other support in addition to providing grants for local enterprises and brands which wish to develop;

3 The numbers of applications and approved applications of "Easy BUD" since its launch last year.

Asked by: Hon LEUNG Man-kwong (LegCo internal reference no.: 13)

Reply:

Following the current-term Government's signing of investment promotion and protection agreements (IPPAs) with Türkiye and Bahrain in end October 2023 and early March 2024 respectively, the current geographical coverage of the "Dedicated Fund on Branding, Upgrading and Domestic Sales" ("BUD Fund") has been extended to a total of 39 economies with which Hong Kong has signed free trade agreements (FTAs) and/or IPPAs. The Government also launched "Easy BUD" in June 2023 to expedite the processing of applications involving designated measures with a funding amount of $100,000 or below. The implementation of the BUD Fund in the past 3 years is as follows:

"Mainland Programme"

	2021	2022	2023 Note
Number of applications approved	702	945	1 046
Funding amounts approved ($)	509 million	704 million	772 million

"FTA and IPPA Programme"

	2021	2022	2023 Note
Number of applications approved	192	397	660
Funding amounts approved ($)	122 million	256 million	382 million

Note: Including the relevant figures of "Easy BUD" launched on 16 June 2023.

As at end February 2024, a total of 740 applications (including applications that could not be processed owing to incomplete information and those withdrawn voluntarily by enterprises afterwards) have been received and 160 applications have been approved under "Easy BUD".

In addition to providing financial support, the Government established "SME ReachOut" in January 2020 to help small and medium enterprises (SMEs) identify suitable government funding schemes and answer questions relating to applications. The Financial Secretary announced in the 2023-24 Budget to allocate $100 million to the Hong Kong Productivity Council (HKPC) to gradually enhance the services of "SME ReachOut" in the ensuing 5 years starting from 2023. HKPC has enhanced the services of "SME ReachOut" in October 2023, including arranging visits to more chambers of commerce, commercial and industrial buildings and co-working spaces, and increasing the publicity in social media so as to step up the promotion of government funding schemes. At the same time, more one-on-one consultation sessions will be provided to assist SMEs in applying for government funding and building their capacities, focusing on areas such as "environmental, social and governance" (ESG), technology transformation, digitalisation and cyber security, with a view to enhancing their competitiveness through leveraging new technologies.

The Government has also consolidated the 4 SME centres, namely the "Support and Consultation Centre for Small and Medium Enterprises" (SUCCESS) under the Trade and Industry Department (TID), the "SME Centre" under the Hong Kong Trade Development Council (HKTDC), the "SME One" under HKPC and the "TecONE" under Hong Kong Science and Technology Parks Corporation, to provide "four-in-one" integrated services, so that SMEs can receive consultation and referral services in any one of the aforementioned centres. The 4 SME centres co-organise from time to time "four-in-one" seminar series, covering topics such as expanding businesses through electronic commerce, ESG, digital transformation, exploration of overseas and Mainland markets, in order to enhance the capacities of SMEs. The one-stop web portal "SME Link" under TID has been in operation since June 2022 to further enhance the "four-in-one" integrated services whereby SMEs could access comprehensive information from a single online platform, including that on government funding schemes and SME support services, as well as on the Mainland and overseas markets.

TID also co-organises seminars from time to time with HKTDC and business associations. Leading local, Mainland and overseas entrepreneurs and experts are invited to share their experience with the industry in establishing brands and market development strategies, in order to promote brand development in Hong Kong.

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB160

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0794)

Head: (181) Trade and Industry Department

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

Programme: (3) Support for Small and Medium Enterprises and Industries

Controlling Officer: Director-General of Trade and Industry (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Regarding the BUD Fund, its geographical coverage has been continuously extended in 2022 to more economies with which Hong Kong has signed Investment Promotion and Protection Agreements. In this connection, please advise:

1. Please list the markets and projects involved for the 4 739 projects received and processed in 2023, and the funding amounts of the projects;

2. The "E-commerce Easy" will be launched in mid-2024 which aims at developing the Mainland market. In this connection, is there any allocation between the provision for mainland and overseas projects for the BUD Fund?

3. Please list the projects and the host organisations/enterprises which have been consecutively granted funding support of the BUD Fund in the past five years.

Asked by: Hon MA Fung-kwok (LegCo internal reference no.: 13)

Reply:

Following the current-term Government's signing of investment promotion and protection agreements (IPPAs) with Türkiye and Bahrain in end October 2023 and early March 2024 respectively, the current geographical coverage of the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) has been extended to 39 economies with which Hong Kong has signed free trade agreements (FTAs) and/or IPPAs. In 2023, a total of 4 739 applications were received under the BUD Fund, the major target markets involving the largest number of applications are as follows:

Target Markets (in the order of the largest number of applications received)		Number of applications received [Note 1]
1.	The Mainland	3 052
2.	Macao	336
3.	Singapore	313
4.	United Kingdom	311
5.	Malaysia	254
6.	Japan	241
7.	Germany	201
8.	Australia	189
9.	Vietnam	173
10.	Thailand	165
	France	165

Note 1: Some applications involve developing more than 1 target market.

In 2023, a total funding amount of $1.153 billion was approved under the BUD Fund, and the distribution of funding amounts of the approved applications is as follows:

Funding Amounts Approved	Number of Applications Approved [Note 2]
$100,000 or below	197
Over $100,000 to $300,000	149
Over $300,000 to $500,000	184
Over $500,000 to $1,000,000	1 176

Note 2: Applications received may not be processed in the same year.

The Financial Secretary announced in the 2024-25 Budget the further injection of $500 million into the BUD fund, thereby increasing its total commitment to $7 billion, for sustaining its operation and introducing "E-commerce Easy". We expect that "E-commerce Easy" will be launched in July 2024, which enables small and medium enterprises to make use of the $1 million funding ceiling of a single project flexibly for implementing electronic commerce projects on the Mainland within the cumulative funding ceiling of $7 million per enterprise. There are no separate commitment ceilings for projects involving the Mainland and projects involving other FTA and/or IPPA markets under the BUD Fund.

In each of the past 5 years (i.e. from 2019 to 2023), there was a total of 9 enterprises with funding approved under the BUD Fund, involving a total of 73 approved applications. The list of enterprises and funding amount of the approved applications can be found at the BUD Fund's website (https://www.bud.hkpc.org).

- End -

Examination of Estimates of Expenditure 2024-25

Reply Serial No.

CEDB161

CONTROLLING OFFICER'S REPLY

(Question Serial No. 3133)

Head: (181) Trade and Industry Department

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

Programme: (3) Support for Small and Medium Enterprises and Industries

Controlling Officer: Director-General of Trade and Industry (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

According to Programme (3), the Trade and Industry Department will continue to administer the enhanced services of "SME ReachOut" next year to enhance assistance to small and medium enterprises (SMEs) in government funding applications. What are the details of the enhanced services, manpower and expenditure involve? As the government will launch more new funding schemes to support SMEs next year, it is expected that more SMEs will seek assistance from "SME ReachOut". Will "SME ReachOut" recruit additional staff in order to cope with new workload? If yes, what are the details? If no, what are the reasons?

Asked by: Hon NG Wing-ka, Jimmy (LegCo internal reference no.: 31)

Reply:

The Government established "SME ReachOut" in January 2020 to help small and medium enterprises (SMEs) identify suitable government funding schemes and answer questions relating to applications, as well as to promote government funding schemes by organising or participating in various activities so as to enhance SMEs' understanding of the funding schemes. The Financial Secretary announced in the 2023-24 Budget to allocate $100 million to the Hong Kong Productivity Council (HKPC) to gradually enhance the services of "SME ReachOut" in the ensuing 5 years starting from 2023.

HKPC has enhanced the services of "SME ReachOut" in October 2023, including arranging visits to more chambers of commerce, commercial and industrial buildings and co-working spaces, and increasing the publicity in social media so as to step up the promotion of government funding schemes. At the same time, more one-on-one consultation sessions will be provided to assist SMEs in applying for government funding and building their capacities, focusing on areas such as "environmental, social and governance", technology transformation, digitalisation and cyber security, with a view to enhancing their competitiveness through leveraging new technologies.

The expenditure borne by the Government for the enhanced services of "SME ReachOut" from October 2023 to March 2024 was about $9.91 million. The estimated expenditure to be borne by the Government in 2024-25 is about $19.1 million. The headcount of "SME ReachOut" under HKPC has also been increased from 10 to 16 in response to the enhanced services since October 2023.

The Government will conduct a mid-term review on the enhanced services of "SME ReachOut" in around 2026. In the meantime, the Government will also keep in view the service scope and the related headcount having regard to the response of the trade and the market situation.

- End -