

**Replies to Questions Raised by Finance Committee Members in Examining  
the Estimates of Expenditure 2024-25**

**Director of Bureau : Secretary for Commerce and Economic Development  
[Session No. : 18]**

**Head 181 - Trade and Industry Department**

<b>Reply Serial No.</b>	<b>Question Serial No.</b>	<b>Name of Member</b>	<b>Question</b>	<b>Programme</b>
CEDB159	2165	Hon LEUNG Man-kwong	<p>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:</p> <ol style="list-style-type: none"> <li>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;</li> <li>2 If the Government provides other support in addition to providing grants for local enterprises and brands which wish to develop;</li> <li>3 The numbers of applications and approved applications of “Easy BUD” since its launch last year.</li> </ol>	(3) Support for Small and Medium Enterprises and Industries
CEDB160	0794	Hon MA Fung-kwok	<p>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:</p> <ol style="list-style-type: none"> <li>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;</li> <li>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?</li> <li>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.</li> </ol>	(3) Support for Small and Medium Enterprises and Industries

Reply Serial No.	Question Serial No.	Name of Member	Question	Programme
CEDB161	3133	Hon NG Wing-ka, Jimmy	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?	(3) Support for Small and Medium Enterprises and Industries
CEDB177	3827	Hon WONG Ying-ho, Kennedy	The Government continues to expand the investment promotion and protection agreement (IPPA) networks between Hong Kong and the trading partners (especially countries participating in the Belt and Road Initiative as well as emerging markets in the member states of the Association of Southeast Asian Nations (ASEAN), the Middle East, Central Asia and Africa etc.). How many countries and regions with which IPPA negotiations have been concluded or are being conducted at the moment? Will the relevant negotiation work on the Middle East and ASEAN be strengthened? Will additional resources be invested to enhance the taking forward of the work? If yes, what are the details?	(1) Commercial Relations

**CONTROLLING OFFICER'S REPLY**

**CEDB159**

**(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”

	<b>2021</b>	<b>2022</b>	<b>2023</b> <sup>Note</sup>
Number of applications approved	702	945	1 046
Funding amounts approved (\$)	509 million	704 million	772 million

“FTA and IPPA Programme”

	<b>2021</b>	<b>2022</b>	<b>2023</b> <sup>Note</sup>
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.

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**CONTROLLING OFFICER'S REPLY**

**CEDB160**

**(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:

<b>Target Markets (in the order of the largest number of applications received)</b>		<b>Number of applications received</b> <sup>Note 1</sup>
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:

<b>Funding Amounts Approved</b>	<b>Number of Applications Approved</b> <sup>Note 2</sup>
\$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>).

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**CONTROLLING OFFICER'S REPLY**

**CEDB161**

**(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.

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**CEDB177**

**CONTROLLING OFFICER'S REPLY**

**(Question Serial No. 3827)**

Head: (181) Trade and Industry Department

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

Programme: (1) Commercial Relations

Controlling Officer: Director-General of Trade and Industry (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Government continues to expand the investment promotion and protection agreement (IPPA) networks between Hong Kong and the trading partners (especially countries participating in the Belt and Road Initiative as well as emerging markets in the member states of the Association of Southeast Asian Nations (ASEAN), the Middle East, Central Asia and Africa etc.). How many countries and regions with which IPPA negotiations have been concluded or are being conducted at the moment? Will the relevant negotiation work on the Middle East and ASEAN be strengthened? Will additional resources be invested to enhance the taking forward of the work? If yes, what are the details?

Asked by: Hon WONG Ying-ho, Kennedy (LegCo internal reference no.: 18)

Reply:

The HKSAR Government is committed to forging investment promotion and protection agreements (IPPAs) with more trading partners with a view to injecting new impetus into Hong Kong's trade and investment. With the IPPAs signed with Türkiye and Bahrain by the current-term Government, Hong Kong has signed 24 IPPAs with 33 foreign economies<sup>Note</sup>, including the 10 Member States of the ASEAN.

In the Middle East region, following the high level visit of the Chief Executive to the Middle East in February last year, we are actively strengthening bilateral ties with the region. The IPPA we signed with Bahrain in March this year is our third one signed with economies in the Middle East region after Kuwait and the UAE. Currently, we are negotiating IPPAs with Saudi Arabia and Bangladesh respectively and are exploring possible IPPAs with other economies in the Middle East and along the Belt and Road.

The negotiations of IPPA are part of the regular duties of the Trade and Industry Department (TID). The expenditure concerned is subsumed under TID's overall estimated expenditure. TID will review from time to time the distribution of internal resources to the relevant work having regard to the prevailing situations.

Note: The 33 foreign economies include the 10 Member States of the Association of Southeast Asian Nations (ASEAN), Australia, Austria, Bahrain, Belgium, Canada, Chile, Denmark, Finland, France, Germany, Italy, Japan, Korea, Kuwait, Luxembourg, Mexico, the Netherlands, New Zealand, Sweden, Switzerland, Türkiye, the United Arab Emirates (UAE) and the United Kingdom.

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