Replies to Questions Raised by Finance Committee Members in Examining the Estimates of Expenditure 2025-26

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

Head 181 - Trade and Industry Department

Reply Serial No.	Question Serial No.	Name of Member	Question	Programme
CEDB140	2864	Hon CHAN Man-ki, Maggie	Regarding the Dedicated Fund on Branding, Upgrading and Domestic Sales, please inform this Committee of: 1) the effectiveness and expenditure of the above programme since its launch; If so, the details; if not, the reasons; and 2) whether any key performance indicators have been set for the next three years; if so, the details; if not, the reasons.	(3) Support for Small and Medium Enterprises and Industries
CEDB141	2906	Hon CHAN Man-ki, Maggie	It is mentioned in Programme (3) Support for Small and Medium Enterprises and Industries that during 2025-26, the Trade and Industry Department will continue to administer the enhanced services of "SME ReachOut" in providing small and medium enterprises (SMEs) capacity building services and enhancing assistance to SMEs in government funding applications. In this connection, will the Government inform this Committee of the following: 1. What are the plans and staff establishment for the coming three years? 2. Have any key performance indicators been set for the plans to review the effectiveness of the support for SMEs in the future? If yes, what are the details? If no, what are the reasons?	(3) Support for Small and Medium Enterprises and Industries
CEDB142	1449	Hon HO King-hong, Adrian Pedro	Regarding the "SME ReachOut" operated by the Hong Kong Productivity Council, will the Government inform this Committee of the following: 1. What were the expenditure and manpower involved in each financial year since the establishment of "SME ReachOut"? 2. The role of "SME ReachOut" is to help small and medium enterprises (SMEs) identify suitable government funding schemes. How many requests for assistance were received from SMEs each year since the establishment of "SME ReachOut" and how was the distribution by industry sector? Please provide the relevant information in tabular form. 3. Does "SME ReachOut" follow up on the assistance requests received from SMEs to ensure that "SME ReachOut" has genuinely provided pragmatic assistance to SMEs? If yes, what are the details? If no, what are the reasons?	(3) Support for Small and Medium Enterprises and Industries

Reply Serial No.	Question Serial No.	Name of Member	Question	Programme
CEDB143	0260	Hon NG Wing-ka, Jimmy	According to Programme 1, since Hong Kong and the Mainland signed the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) in 2003, both sides have continued to explore further trade and investment liberalisation and to facilitate smooth and effective implementation of relevant liberalisation measures. The Trade and Industry Department (TID) is responsible for coordinating with relevant departments in discussions with the Mainland authorities. Will TID have discussions with relevant Mainland authorities again in the future to further relax the restrictions on the business scope of Hong Kong's testing and certification bodies? For example, the Guangdong Province currently allows proprietary Chinese medicines for external use registered in Hong Kong to be registered and sold in the Greater Bay Area through streamlined approval procedures. Will the Government adopt the trade's suggestions and pursue with the relevant Mainland authorities to expand the coverage of the relevant measures to the whole Mainland through the "CEPA" mechanism, extend the measures to more industries (such as Chinese medicine, health product and food, etc.), and grant market access arrangements on an equal basis to Hong Kong products registered in Hong Kong or with certification reports issued by designated Hong Kong's inspection bodies ? If yes, what are the details?	(1) Commercial Relations

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2864)

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 (Aaron LIU)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Regarding the Dedicated Fund on Branding, Upgrading and Domestic Sales, please inform this Committee of:

1) the effectiveness and expenditure of the above programme since its launch; If so, the details; if not, the reasons; and

2) whether any key performance indicators have been set for the next three years; if so, the details; if not, the reasons.

Asked by: Hon CHAN Man-ki, Maggie (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 40 economies with which Hong Kong has signed free trade agreements and/or investment promotion and protection agreements.

As at end February 2025, the number of applications and amount of funding approved under the BUD Fund reached 10 417 and $6.44 billion respectively, benefitting a total of 6 841 enterprises. The Government has been conducting project completion surveys and annual tracking surveys through the Hong Kong Productivity Council (HKPC), the BUD Fund Secretariat, to assess the effectiveness of the BUD Fund. As at end February 2025, around 99% of the enterprises that responded to the project completion surveys considered the BUD Fund useful in supporting their business development. The enterprises also generally considered that the funded projects had helped them in various areas, including enhancing corporate image, awareness of their brands/products/services, and their overall competitiveness, etc. Moreover, around 99% of the enterprises that responded to the annual tracking surveys considered the BUD Fund useful to their long term development.

We have been closely monitoring and reviewing the operational arrangements of the BUD Fund continuously. Targets and indicators for different aspects of the operational arrangements of the BUD Fund have also been set in the Controlling Officer's Report of the Trade and Industry Department (TID), including the performance pledge of processing applications, planned number of applications received and processed, etc.

The manpower and expenditure of the Commerce and Economic Development Bureau and TID for implementing the BUD Fund have been subsumed under the respective overall establishment and estimate, and cannot be quantified separately. The estimated expenditure of the BUD Fund in 2025-26 is $1.292 billion, including the manpower and other fees provided to HKPC as the Programme Secretariat for implementing the BUD Fund, as well as disbursements to grantees.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB141

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2906)

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 (Aaron LIU)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is mentioned in Programme (3) Support for Small and Medium Enterprises and Industries that during 2025-26, the Trade and Industry Department will continue to administer the enhanced services of "SME ReachOut" in providing small and medium enterprises (SMEs) capacity building services and enhancing assistance to SMEs in government funding applications. In this connection, will the Government inform this Committee of the following:

1. What are the plans and staff establishment for the coming three years?

2. Have any key performance indicators been set for the plans to review the effectiveness of the support for SMEs in the future? If yes, what are the details? If no, what are the reasons?

Asked by: Hon CHAN Man-ki, Maggie (LegCo internal reference no.: 37)

Reply:

The Government established "SME ReachOut", which is operated by the Hong Kong Productivity Council (HKPC), in January 2020 to help small and medium enterprises (SMEs) identify suitable government funding schemes and answer questions relating to applications. To further support SMEs, the Government announced in 2023 an allocation of $100 million to gradually enhance the services of "SME ReachOut" in the ensuing 5 years starting from October 2023. Adopting a multi-pronged approach, "SME ReachOut" plans to enhance its services in the coming few years through assisting SMEs in applying for government funding, providing one-on-one consultation services, organising major events and proactively visiting more chambers of commerce and commercial/industrial buildings, thereby providing capacity-building services for SMEs. The themes of the activities will focus on environmental, social and governance, technology transformation, digitalisation and cyber security, with a view to assisting SMEs in enhancing their competitiveness through leveraging new technologies. In addition, "SME ReachOut" has launched a virtual platform to facilitate

SMEs in using its services. Since the enhancement of the service of "SME ReachOut" in October 2023, the headcount has been increased from 10 to 16.

The Government has worked with HKPC to set various key performance indicators for the enhanced services of "SME ReachOut", including handling 7 600 enquiries on average per year over a period of 5 years; arranging 100 technology and business knowhow meetings; assisting 2 400 enterprises through one-on-one consultations; participating in or arranging 50 promotion activities and 2 exhibitions; organising 10 to 12 seminars and 4 networking events, as well as organising 1 major event per year.

"SME ReachOut" has to submit progress reports regularly to the Government, which will closely monitor the work progress. The Government will conduct a mid-term review on the services of "SME ReachOut" around 2026. In the meantime, the Government will also keep in view the service scope and the related headcount having regard to the feedback of the trade and the market situation.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB142

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1449)

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 (Aaron LIU)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Regarding the "SME ReachOut" operated by the Hong Kong Productivity Council, will the Government inform this Committee of the following:

1. What were the expenditure and manpower involved in each financial year since the establishment of "SME ReachOut"?

2. The role of "SME ReachOut" is to help small and medium enterprises (SMEs) identify suitable government funding schemes. How many requests for assistance were received from SMEs each year since the establishment of "SME ReachOut" and how was the distribution by industry sector? Please provide the relevant information in tabular form.

3. Does "SME ReachOut" follow up on the assistance requests received from SMEs to ensure that "SME ReachOut" has genuinely provided pragmatic assistance to SMEs? If yes, what are the details? If no, what are the reasons?

Asked by: Hon HO King-hong, Adrian Pedro (LegCo internal reference no.: 8)

Reply:

The Government established "SME ReachOut", which is operated by the Hong Kong Productivity Council (HKPC), in January 2020 to help small and medium enterprises (SMEs) identify suitable government funding schemes and answer questions relating to applications. To further support SMEs, the Government announced in 2023 an allocation of $100 million to gradually enhance the services of "SME ReachOut" in the ensuing 5 years starting from October 2023. The expenditure borne by the Government for "SME ReachOut" from its establishment in January 2020 to September 2023 was about $32.8 million, with an average annual expenditure of about $8.75 million. After the service enhancement, the expenditure borne by the Government for the half year from October 2023 to March 2024 was about $9.7 million; and the estimated expenditure to be borne by the Government in 2024-25 is about $19.1 million. The headcount of "SME ReachOut" has also been increased from 10 to 16 since the service enhancement in October 2023.

Based on the needs of enterprises, "SME ReachOut" helps SMEs identify suitable funding schemes and answers questions relating to applications through one-on-one consultations which are free of charge. In order to provide further assistance, "SME ReachOut" also proactively liaises with the enterprises after the consultations to follow up on the applications. Moreover, "SME ReachOut" duly disseminates updated information on government funding to enterprises through its virtual platform, promotion activities, visits to chambers of commerce and commercial and industrial buildings and online social platforms. As at end February 2025, "SME ReachOut" has handled over 29 800 enquiries, and organised or participated in 13 exhibitions, more than 60 physical seminars or webinars, as well as over 280 promotion activities.

According to the estimation from the data collected annually by HKPC, the number of SME beneficiaries of "SME ReachOut" and distribution of the major beneficiary sectors from 2021 to 2024 [Note 1] are as follows:

	Year			
	2021	**2022**	**2023**	**2024**
No. of SME beneficiaries	About 3 200	About 2 270	About 3 590	About 4 650
Major beneficiary sectors [Note 2] (percentage of annual total)	Import and export trade (17%)	Import and export trade (17%)	Import and export trade (13%)	Import and export trade (14%)
	Information and communication technology (10%)	Professional services (e.g. architecture, legal, human resources, marketing, public relations, etc.) (12%)	Information and communication technology (12%)	Information and communication technology (13%)
	Professional services (e.g. architecture, legal, human resources, marketing, public relations, etc.) (9%)	Hotel, food and beverage (10%)	Professional services (e.g. architecture, legal, human resources, marketing, public relations, etc.) (9%)	Professional services (e.g. architecture, legal, human resources, marketing, public relations, etc.) (10%)
	Hotel, food and beverage (8%)	Information and communication technology (9%)	Healthcare (7%)	Retail (7%)

	Year			
	2021	**2022**	**2023**	**2024**
	Retail (7%)	Retail (7%)	Education and training (6%)	Hotel, food and beverage (6%)

Note 1: "SME ReachOut" started collecting sectoral data of the SME beneficiaries in 2021.
Note 2: The figures regarding major beneficiary sectors are calculated based on the number of SMEs willing to provide information. The number of SMEs willing to provide information is as follows:
2021: About 1 700
2022: About 860
2023: About 1 850
2024: About 3 070

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB143

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0260)

Head: (181) Trade and Industry Department

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

Programme: (1) Commercial Relations

Controlling Officer: Director-General of Trade and Industry (Aaron LIU)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

According to Programme 1, since Hong Kong and the Mainland signed the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) in 2003, both sides have continued to explore further trade and investment liberalisation and to facilitate smooth and effective implementation of relevant liberalisation measures. The Trade and Industry Department (TID) is responsible for coordinating with relevant departments in discussions with the Mainland authorities. Will TID have discussions with relevant Mainland authorities again in the future to further relax the restrictions on the business scope of Hong Kong's testing and certification bodies? For example, the Guangdong Province currently allows proprietary Chinese medicines for external use registered in Hong Kong to be registered and sold in the Greater Bay Area through streamlined approval procedures. Will the Government adopt the trade's suggestions and pursue with the relevant Mainland authorities to expand the coverage of the relevant measures to the whole Mainland through the "CEPA" mechanism, extend the measures to more industries (such as Chinese medicine, health product and food, etc.), and grant market access arrangements on an equal basis to Hong Kong products registered in Hong Kong or with certification reports issued by designated Hong Kong's inspection bodies ? If yes, what are the details?

Asked by: Hon NG Wing-ka, Jimmy (LegCo internal reference no.: 231)

Reply:

Having consulted the Environment and Ecology Bureau (EEB), the Health Bureau and the Innovation, Technology and Industry Bureau, our consolidated reply is as follows.

The Hong Kong Special Administrative Region (HKSAR) Government strives to assist Hong Kong's enterprises in entering the Mainland market through the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA), seeking more room for development for the trade on the Mainland and, at the same time, strengthening the economic and trade relations between the 2 places and fostering trade and investment facilitation. Since the signing of CEPA in 2003, the Mainland and Hong Kong have continuously enriched and updated the contents of CEPA, gradually opening up the Mainland market to Hong Kong businesses.

Under the CEPA Agreement on Trade in Services, Hong Kong service suppliers can enjoy preferential treatment in entering the Mainland market and developing Mainland business in most service sectors. The HKSAR Government will maintain close communication with the Mainland authorities to continue enriching the contents of CEPA, and to discuss and formulate more liberalisation measures, including those for testing and certification services, at an appropriate time.

Besides, under the CEPA Agreement on Trade in Goods, the Mainland and Hong Kong may engage in exchanges, consultations and cooperation to further enhance the level of trade facilitation. Specific matters are discussed directly by the relevant competent authorities of the 2 sides. In recent years, a number of measures for enhancing the level of trade facilitation have been implemented upon consultations between the bureaux and departments of the HKSAR Government and the relevant Mainland authorities. Examples include signing of the “Cooperation Agreement on the Supervision of Safety and Facilitation of Customs Clearance of Food Products Manufactured in Hong Kong Exported to the Mainland” between EEB and the General Administration of Customs of the People’s Republic of China to provide customs clearance facilitation for food products meeting relevant requirements with a view to shortening the time required for customs clearance and simplifying procedures; dovetailing the implementation of the national policy of “Measure of using Hong Kong registered drugs and medical devices used in Hong Kong public hospitals in Guangdong-Hong Kong-Macao Greater Bay Area”; and implementing the arrangement of streamlining the approval procedures for Hong Kong registered traditional proprietary Chinese medicines for external and oral use to be sold and registered on the Mainland.

The relevant bureaux and departments of the HKSAR Government will continue to consult the trade through professional bodies, industry organisations, etc., and actively discuss measures with the Mainland authorities for enhancing the level of trade facilitation, so as to assist the trade in further exploring the Mainland market and deepen the cooperation and mutual development between the 2 places in different areas.

- End -