

**For discussion  
on 16 June 2015**

**Legislative Council Panel on Commerce and Industry**

**Funding Injection and Enhancement Measures for  
SME Development Fund and SME Export Marketing Fund**

This paper seeks Members' views on the Government's proposals to inject funding and implement enhancement measures for the SME Development Fund (SDF) and the SME Export Marketing Fund (EMF).

**Injection of funds into SDF and EMF**

2. Expenditures on the SDF and the EMF are met by an approved commitment of \$3.75 billion for the SME Export Marketing and Development Funds (EMDF). As at end of April 2015, \$3.38 billion, or 90% of this commitment has been utilised. Projected on the basis of the current spending position of the EMDF, we expect that the funding provision will be fully utilised by late 2016. To continue to support small and medium enterprises (SMEs) to enhance their competitiveness and explore export markets, the Government proposes to increase the commitment by \$1.5 billion to \$5.25 billion. Taking into account the enhancement measures set out below, the increased commitment is expected to sustain the operation of the two funds until around 2020.

**Enhancement measures for SDF**

3. The SDF provides financial support to non-profit-distributing organisations (such as trade and industrial organisations, professional bodies and research institutes) to undertake projects that can enhance the competitiveness of Hong Kong SMEs in general or in specific sectors, including those that can help SME build and promote brands, as well as explore markets. Currently, the maximum amount of funding support for each approved project is \$2 million, or 90% of the approved expenditure of the project, whichever is less. Each project should be

completed within two years.

4. Between its launch in 2001 and end April 2015, the SDF provided grants totalling about \$276 million for 244 projects implemented by 113 organisations, benefitting a wide range of industries from both the manufacturing sector and the services sector. A list of SDF projects approved in 2014 is at Annex.

5. We have received feedback from the trade from time to time requesting the Government to strengthen the support for non-profit-distributing organisations to implement larger-scale activities (such as setting up Hong Kong pavilions in large-scale exhibitions and organising business missions) in order to help SMEs enhance competitiveness and explore overseas markets, especially emerging markets. Government measures such as the Dedicated Fund on Branding, Upgrading and Domestic Sales (the BUD Fund)<sup>1</sup> launched in June 2012 has been well-received by the trade and large-scale activities supported are considered effective in building up the image of Hong Kong brands and helping Hong Kong enterprises develop the Mainland market.

6. Having considered the views of the trade and the experience of the BUD Fund, we propose to increase the maximum grant for each project under the SDF from \$2 million to \$5 million, and extend the maximum duration of each project from two years to three years. This will enable SDF project proponents to plan larger-scale and more effective activities in strengthening the competitiveness of SMEs and in assisting them to explore overseas business opportunities.

### **Enhancement measures for EMF**

7. The EMF provides direct subsidy to SMEs for participation in export promotion activities, including local or overseas trade exhibitions, overseas business missions, and placing advertisements in printed trade

---

<sup>1</sup> The Organisation Support Programme (OSP) under the BUD Fund provides a maximum grant of \$5 million per project to non-profit-distributing organisations for undertaking projects with duration of not more than three years to assist Hong Kong enterprises in developing brands, upgrading operations and developing domestic sales in the Mainland. Approved projects include setting up Hong Kong pavilions in large-scale exhibitions in the Mainland to showcase Hong Kong products and services to Mainland buyers.

publications or trade websites targeting export markets, so as to encourage enterprises in expanding their export business. The maximum amount of grant for each application is 50% of the approved expenditure of the export promotion activity concerned, subject to a ceiling of \$50,000. The maximum cumulative amount of grants for each SME is \$200,000.

8. The EMF has been well-received by SMEs since its launch in 2001. As at end of April 2015, over 187 000 applications have been approved under the EMF, with grants totalling about \$2.8 billion. Over 42 000 SMEs employing around 290 000 people have benefitted from EMF grants.

9. As internet technologies and their applications become increasingly mature and popular, more and more SMEs choose to conduct export promotion via various electronic commerce platforms (e.g. Alibaba, Taobao) and electronic media (e.g. electronic magazines, web advertisements). We therefore propose to expand the scope of the EMF to cover more export promotion activities through such platforms and media<sup>2</sup>, so that SMEs can utilise their EMF grants more flexibly through a diverse range of promotional channels. In view of the fast-evolving characteristics and great variety of electronic commerce platforms and electronic media, we will establish a set of objective assessment criteria to facilitate enterprises in applying for grants and at the same time avoid abuse.

10. In addition, the maximum cumulative amount of EMF grants for each SME was increased from \$150,000 to \$200,000 in June 2013, subject to a condition that the SME concerned may only use the additional \$50,000 for new export promotion activities which have not been previously funded by the EMF. We note that since the increase in the ceiling up to end April 2015, only 235 SMEs have fully utilised the additional \$50,000, accounting for less than 1% of the total number of EMF beneficiaries. To provide SMEs with greater flexibility in utilising this additional amount, we propose to slightly relax the condition of use,

---

<sup>2</sup> At present, SMEs can already make use of the EMF grants to place advertisements on eligible trade websites pre-approved by Director-General of Trade and Industry from time to time.

by allowing an SME to use the additional \$50,000 towards any export promotion activities that have not been funded by the first \$150,000 of its EMF grants.

### **Financial and Staffing Implications**

11. With the implementation of the proposed enhancement measures, the average level of grants for SDF projects and the number of EMF applications are expected to increase. As mentioned in paragraph 2 above, with the proposed injection of \$1.5 billion, we expect that it will sustain the operation of the two funds until around 2020 taking into account the proposed enhancement measures. The Trade and Industry Department will absorb any additional manpower and administrative requirements arising from the proposals within its existing resources, and will continue to monitor closely the operation and effectiveness of the two funds.

### **Public Consultation**

12. We have briefed the Small and Medium Enterprises Committee on the proposed funding injection and enhancements to the SDF and the EMF. The Committee supported our proposals.

### **Implementation Timetable**

13. Subject to Members' support of the proposals, we plan to seek the funding approval of the Finance Committee in July 2015, with a view to implementing the enhancement measures in the third quarter of 2015.

### **Background**

14. SMEs<sup>3</sup> are the backbone of Hong Kong's economy. As at December 2014, there were over 320 000 SMEs in Hong Kong, accounting for 98% of its local enterprises. Over 1.3 million employees were employed by SMEs, taking up about half of the private sector

---

<sup>3</sup> SME is defined as any manufacturing business employing fewer than 100 persons or any non-manufacturing business employing fewer than 50 persons in Hong Kong.

workforce. The Financial Secretary proposed in the 2015-16 Budget to inject funds into the SDF and the EMF, and implement enhancement measures to enhance Government's support to SMEs.

15. The SDF and the EMF were launched in 2001 and are operated by the Trade and Industry Department. The total commitment of the two funds was last increased in 2011 from \$2.75 billion to \$3.75 billion. The operation of the EMF has been enhanced several times since its introduction, including the increase in the maximum cumulative amount of grants for each SME to \$200,000 in 2013.

### **Advice Sought**

16. Members are invited to note this paper and offer comments on the proposals set out above.

Trade and Industry Department  
June 2015

## 中小企業發展支援基金－2014 年獲批項目

## SME Development Fund — Projects approved in 2014

	項目名稱 Project Title	獲資助機構 Grantee	資助款額 Grant Amount	執行期 Project Duration (月/Months)
1	<p>提升香港審核師學會（HKICA）質量管理體系人員認證計劃以符合 ISO/IEC 17024 國際認證的要求</p> <p>To upgrade the QMS personnel certification scheme of Hong Kong Institution of Certified Auditors (HKICA) in compliance with ISO/IEC 17024 for international accreditation</p>	<p>香港專業審核師學會有限公司</p> <p>Hong Kong Institution of Certified Auditors Limited</p>	\$1,157,400	18
2	<p>建立皮革資源中心，協助香港皮革中小企業獲取產業知識和市場資訊，從而提升他們的競爭力</p> <p>To establish a Leather Resources Centre to enhance Hong Kong leather SMEs competitiveness by enhancing industrial knowledge and market information</p>	<p>香港皮業商會有限公司</p> <p>The Hong Kong Hide &amp; Leather Traders' Association Limited</p>	\$1,194,300	18
3	<p>高峰會 2014 及工作坊 — 國際印刷標準化及跨媒體 香港印刷業如何進一步邁向印刷標準化及轉向跨媒體？</p> <p>Summit 2014 &amp; Workshops – Global Printing Standardization and Integrated Media How does the HK printing industry go further to printing standardization &amp; migrate to integrated media?</p>	<p>香港印刷業商會</p> <p>The Hong Kong Printers Association</p>	\$934,120	15

	項目名稱 Project Title	獲資助機構 Grantee	資助款額 Grant Amount	執行期 Project Duration (月/Months)
4	<p>系統化提升香港乾貨食品批發和零售 商運作，增強競爭力</p> <p>To upgrade the operation of food wholesalers and retailers systematically for enhancing their competitiveness</p>	<p>香港糧食雜貨總商 會</p> <p>Hong Kong Provision &amp; Grocery General Commercial Chamber</p>	\$834,750	12
5	<p>提升香港中小企在資訊科技及雲端 商用上的安全策略</p> <p>To enhance IT security practice in SME e-business operations and safe use of cloud services</p>	<p>香港中小型企業總 商會有限公司</p> <p>The Hong Kong General Chamber of Small and Medium Business Limited</p>	\$916,380	12
6	<p>提升本港廢電器電子回收業對環 保、職業健康及安全的意識</p> <p>Enhancing the Environment, Health and Safety (EHS) Awareness of the WEEE Recycling Industry in HK</p>	<p>香港電子業商會 有限公司</p> <p>The Hong Kong Electronic Industries Association Limited</p>	\$1,094,580	18
7	<p>流動應用程式能力測試知識增值</p> <p>Mobile Applications (Apps) Test Competency Knowledge Enhancement (MATeCE)</p>	<p>香港理工大學</p> <p>The Hong Kong Polytechnic University</p>	\$581,525	12

	項目名稱 Project Title	獲資助機構 Grantee	資助款額 Grant Amount	執行期 Project Duration (月/Months)
8	<p>加強香港中成藥製造商對最新藥品生產管理和質量控制規範的認知及應用</p> <p>To strengthen awareness of local traditional Chinese medicine manufacturers about the latest GMP requirements and their application to production management and quality control</p>	<p>香港中藥學會有限公司</p> <p>The Hong Kong Society of Chinese Medicines Limited</p>	\$1,347,750	18
9	<p>製造業五個試點行業部份業務及運作回流香港企業借鑒及支援服務研究</p> <p>Benchmarking and Support Service Study on Relocation of Operations Back to Hong Kong for Five Pilot Sectors of Manufacturing Industry</p>	<p>香港工業專業評審局有限公司</p> <p>The Professional Validation Council of Hong Kong Industries Limited</p>	\$941,850	15
10	<p>Industry-wide Promotional Program for Hong Kong Diecasting and Foundry Industries in the International Arena (只有英文名稱)</p>	<p>香港鑄造業總會有 限公司</p> <p>Hong Kong Foundry Association Limited</p>	\$1,835,370	15
11	<p>為香港螺絲業提升技術水平、開拓高增值產品新市場的行業改進計劃</p> <p>An industry enhancement programme to assist Hong Kong screw and fastener industry to explore new markets and upgrade their technical capability for high value-added product applications</p>	<p>香港螺絲業協會有限公司</p> <p>Hong Kong Screw &amp; Fastener Council Limited</p>	\$933,840	14



	項目名稱 Project Title	獲資助機構 Grantee	資助款額 Grant Amount	執行期 Project Duration (月/Months)
12	推廣採用自動化科技提升餐飲業競爭力  To promote adoption of automation technology to enhance productivity of restaurant industry	香港餐飲聯業協會有限公司  The Hong Kong Federation of Restaurants & Related Trades Limited	\$1,151,640	18
13	高價值商品物流服務提升計劃—增強香港中小企業處理高價值商品之物流作業效能  An Enhanced Program to Enhance the Capabilities of Hong Kong's SMEs in Handling High Value Logistics Services	香港理工大學  The Hong Kong Polytechnic University	\$1,163,520	16
14	建立一個 HIGG 指數的智能工具，以促進香港服裝和鞋類行業的中小企業提升競爭力和可持續發展  A Smart Toolkit to Facilitate SMEs in the Hong Kong Apparel and Footwear Industry to Adopt the Higg Index to Enhance Competitiveness and Sustainability	時裝企業持續發展聯盟有限公司  Sustainable Fashion Business Consortium Limited	\$1,176,734	12
15	裝備中小企業應用調解技巧排難解紛  Equipping SMEs with Dispute Resolution Skills in Utilising Mediation	聯合調解專線辦事處  Joint Mediation Helpline Office	\$612,750	12

	項目名稱 Project Title	獲資助機構 Grantee	資助款額 Grant Amount	執行期 Project Duration (月/Months)
16	<p>透過參與越南的鞋類展會，提升香港鞋業中小企的出口競爭力和知名度</p> <p>To enhance Hong Kong Footwear SMEs' export competitiveness and market exposure through participating in a Vietnam footwear trade show</p>	<p>香港鞋業商會有限公司</p> <p>Hong Kong Footwear Association Limited</p>	\$1,360,260	12
		總數 Total	\$17,236,769	