

**立法會**  
**Legislative Council**

LC Paper No. CB(1)1145/16-17

(These minutes have been seen  
by the Administration)

Ref : CB1/PL/CI

**Panel on Commerce and Industry**

**Minutes of meeting**  
**held on Tuesday, 18 April 2017, at 2:30 pm**  
**in Conference Room 1 of the Legislative Council Complex**

**Members present** : Hon WU Chi-wai, MH (Chairman)  
Hon SHIU Ka-fai (Deputy Chairman)  
Hon Jeffrey LAM Kin-fung, GBS, JP  
Hon WONG Ting-kwong, SBS, JP  
Hon CHAN Kin-por, BBS, JP  
Hon Paul TSE Wai-chun, JP  
Hon LEUNG Kwok-hung  
Hon YIU Si-wing, BBS  
Hon MA Fung-kwok, SBS, JP  
Hon Charles Peter MOK, JP  
Hon CHAN Chi-chuen  
Hon Dennis KWOK Wing-hang  
Hon Christopher CHEUNG Wah-fung, SBS, JP  
Dr Hon CHIANG Lai-wan, JP  
Ir Dr Hon LO Wai-kwok, SBS, MH, JP  
Hon Jimmy NG Wing-ka, JP  
Hon CHAN Chun-ying  
Hon Tanya CHAN  
Hon LAU Kwok-fan, MH  
Dr Hon YIU Chung-yim  
Hon Mrs Regina IP LAU Suk-ye, GBS, JP  
Dr Hon Elizabeth QUAT, JP

**Members attending** : Hon Frankie YICK Chi-ming, JP  
Dr Hon Helena WONG Pik-wan

**Members absent** : Hon Martin LIAO Cheung-kong, SBS, JP  
Hon CHUNG Kwok-pan  
Hon CHU Hoi-dick

**Public officers attending** : Agenda item IV

Mr David WONG, JP  
Deputy Secretary for Commerce and Economic  
Development (Commerce and Industry)<sup>2</sup>

Ms Sabrina LAW  
Principal Assistant Secretary for Commerce and  
Economic Development (Single Window)

Ms Ivy CHAN  
Principal Assistant Secretary for Commerce and  
Economic Development (Commerce and Industry)<sup>4</sup>

Mr Jimmy TAM  
Assistant Commissioner of Customs and Excise  
(Excise and Strategic Support)

Mr Eric SHUM  
Senior Systems Manager for Commerce and Economic  
Development (Single Window)

Agenda Item V

Ms Salina YAN, JP  
Director-General of Trade and Industry

Ms Erica NG, JP  
Deputy Secretary for Commerce and Economic  
Development (Commerce and Industry)<sup>3</sup>

Mrs Hedy CHU, JP  
Deputy Director-General of Trade and Industry  
(Bilateral Trade, Controls and Industries Support)

**Attendance by invitation**

: Agenda Item V

The Hong Kong Mortgage Corporation Limited

Mr Raymond LI, JP  
Executive Director and Chief Executive Officer

Ms Irene MOK  
Vice President (Operations)

Hong Kong Productivity Council

Mr Tony LAM  
Director, Corporate Secretariat

Hong Kong Monetary Authority

Miss Carmen CHU, JP  
Executive Director (Banking Conduct)

Mr Sunny YUNG  
Head (Banking Supervision)(Credit Risk)

**Clerk in attendance** : Mr Desmond LAM  
Chief Council Secretary (1)3

**Staff in attendance** : Ms Connie HO  
Senior Council Secretary (1)3

Miss Judy YEE  
Council Secretary (1)3

Ms May LEUNG  
Legislative Assistant (1)3

Miss Zoe YIP  
Clerical Assistant (1)3

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**I. Confirmation of minutes of meeting**

(LC Paper No. CB(1)780/16-17 -- Minutes of meeting held on 21 February 2017)

The minutes of the meeting held on 21 February 2017 were confirmed.

**II. Information paper issued since last meeting**

2. Members noted that no paper was issued since the last meeting.

**III. Date of next meeting and items for discussion**

(LC Paper No. CB(1)779/16-17(01) -- List of outstanding items for discussion

LC Paper No. CB(1)779/16-17(02) -- List of follow-up actions)

3. Members noted that the next regular Panel meeting would be held on 16 May 2017 at 2:30 pm to discuss the following items proposed by the Administration –

- (a) Progress on the recent implementation of various new schemes under the Innovation and Technology Fund; and
- (b) Progress on the updating of the copyright regime : Copyright exceptions for people with a print disability under the "Marrakesh Treaty to Facilitate Access to Published Works for Persons Who Are Blind, Visually Impaired or Otherwise Print Disabled".

**IV. Way forward for the Trade Single Window project**

(LC Paper No. CB(1)779/16-17(03) -- Administration's paper on "Way Forward for the Development of Trade Single Window"

LC Paper No. CB(1)779/16-17(04) -- Paper on the development of a Trade Single Window prepared by the Legislative Council Secretariat (updated background brief))

Presentation by the Administration

4. At the invitation of the Chairman, the Administration briefed members on the outcome of a three-month consultation exercise in respect of the development of a Trade Single Window ("SW") concluded in July 2016, a revised proposal to address concerns raised by the industry during the consultation and the way forward for developing a full-fledged SW in earnest following a phased approach. Details of the proposal were set out in the Administration's paper (LC Paper No. CB(1)779/16-17(03)).

Discussion*Pre-shipment documentation regime*

5. Mr Jeffrey LAM remarked that the Hong Kong General Chamber of Commerce ("HKGCC") supported the development of SW as a one-stop electronic platform for the trading community to lodge Business-to-Government ("B2G") documents for meeting all import and export requirements. HKGCC also supported future connection with SWs of other economies to facilitate trade and cargo flow through enhanced customs cooperation. However, HKGCC opposed to the proposed pre-shipment import and export declaration ("TDEC") requirement (i.e. to change the existing post-shipment TDEC to pre-shipment TDEC) under the SW proposal because it was less favourable in terms of flexibility and efficiency as compared with the existing post-shipment documentation regime. HKGCC also considered that the data requirements of the pre-shipment documentation regime should not exceed those under the existing Road Cargo System ("ROCARS").

6. Deputy Secretary for Commerce and Economic Development (Commerce and Industry)2 ("DSCED(C&I)2") responded that the Administration was aware of the trade's concerns on the pre-shipment documentation regime and had revised the proposal as appropriate to address the concerns raised. Under the revised proposal, post-shipment TDEC would remain as a minimum legal requirement. The Administration would explore ways to encourage voluntary submission of TDEC at the pre-shipment stage, for example, through convenient and user-friendly interface in the SW design. The Administration would also unify pre-shipment electronic Advanced Cargo Information ("eACI") requirements for all modes of transport based on the statutory ROCARS model. Traders would only be required to submit the most essential information as pre-shipment eACI for customs clearance.

*Cost of compliance*

7. Mr Jeffrey LAM was concerned that the proposed pre-shipment documentation regime under SW might increase the cost of compliance of small and medium enterprises ("SMEs"). Mr Jimmy NG Wing-ka expressed a similar concern. He said that whilst supporting the development of SW in general, the trade was concerned whether fees would be charged for amending the information submitted for pre-shipment documentation, which would increase the operational cost of SMEs. Mr YIU Si-wing expressed support for the development of SW and the Administration's proposal of waiving the fees for using the SW under Phase 1. Opining that there should be cost-savings under the new electronic platform as less manpower would be involved in its operation, Mr YIU considered that there was room for the Administration to lower the fees under Phases 2 and 3 of the SW. The Administration should also elaborate to the trade the benefits of SW and the future fees to be charged to alleviate their concerns.

8. In response, DSCED(C&I)2 advised that it was the Government's policy that fees charged under SW should in general be set at levels adequate to recover the full cost of providing the services, unless otherwise justified. The change in submission mode to SW should be neutral and itself should not attract a new fee. In this light, the Administration had begun to review each of the B2G trade documents to be covered by the future SW. He emphasized that where justified, a trade document that was currently not subject to a charge for submission would remain so in future. In other cases where a fee was required, it would be set to recover the cost of that part of the SW service attributed to the trade document concerned.

9. DSCED(C&I)2 further said that amongst the 51 B2G documents to be covered by the future SW, a total of 16 documents were currently fee-charging. The Administration would critically review the existing business workflows of the documents concerned under the business process review to identify cost savings in the new SW environment and strive to keep future fees at a reasonable level. As post-shipment TDEC would remain as a minimum legal requirement, reasonable and necessary amendment of pre-shipment documentation would be allowed under the new SW environment and the system design of SW would accommodate such a requirement.

10. Noting that the SW initiative would be implemented in three phases and the Administration would waive the fees for using the SW under Phase 1 to cultivate the trade's buy-in for the project, Mr Jeffrey LAM asked whether the Administration would recover such fees in Phases 2 and 3 of the SW initiative. DSCED(C&I)2 replied that the fees waived in Phase 1 would not be recovered in Phases 2 and 3.

*Expediting the implementation of the Trade Single Window initiative*

11. Noting that the SW project of Hong Kong would be fully implemented by 2023 while the Mainland had targeted to implement SW in all customs districts by end 2017 and the Asia-Pacific Economic Cooperation ("APEC") aimed to develop SW within each member economy by 2020, Mr CHAN Chun-ying enquired whether there would be any negative impact on Hong Kong as its SW would not be ready by then. Mr CHAN urged the Administration to expedite the implementation of SW to catch up with the development in the neighbouring region.

12. In response, DSCED(C&I)2 said that the Administration noted the time frame of SW development in other economies and aimed to develop and roll out Hong Kong's own SW as soon as practicable to keep in line with the international trend.

13. DSCED(C&I)2 further explained that while the Administration was determined to strive for early completion of the SW project, some essential preparatory work had to be done prior to its implementation. These included engaging the industry to ensure that the eventual model of SW service would suit their needs and be user-friendly, conducting a business process review on the workflow of all 51 B2G trade documents covered by the SW to identify room for streamlining and savings, undertaking system design and development to develop the IT platform of SW in phases, and conducting a mega legislative exercise to formulate and draft a new enabling principal Ordinance and to amend some 40 pieces of existing legislation to underpin the establishment and use of the SW and the relevant pre-shipment documentation regime. The Administration planned to submit the legislative proposal for the new enabling principal Ordinance by 2019 and seek funding approval from the Finance Committee within the current LegCo term to take forward system design and development, which would take about two to three years to complete.

14. Mr CHAN Chun-ying and Mr YIU Si-wing enquired whether the Commerce and Economic Development Bureau had encountered any difficulty in taking forward the SW project, which involved the policy areas of over 10 Government bureaux and departments. DSCED(C&I)2 responded that the proposed development of SW was a challenging project given its complexity and ambitious implementation timetable. The Administration would ensure a high-level policy steer to drive the implementation process.

15. Mr Jimmy NG Wing-ka enquired how the proposed SW could complement the national strategy of "One Belt, One Road" ("Belt and Road"). DSCED(C&I)2 replied that some economies along the Belt and Road were

developing SWs to enhance customs clearance efficiency. The Government would, in future, seek connection of Hong Kong's SW with those of the Belt and Road economies to enhance customs cooperation and trade efficiency.

16. Mr YIU Si-wing enquired whether the Administration would provide training for SMEs on SW to familiarize them with the operation of the new IT platform for submission of trade documents and the timetable for doing so. DSCED(C&I)2 said that the Administration would provide relevant training to SMEs prior to launch of the SW. A specific timetable would be available as soon as practicable.

*Extension of Government Electronic Trading Services*

17. Mr Charles Peter MOK enquired how the Administration could, in the light of past experience gained during the implementation of the Government Electronic Trading Services ("GETS"), encourage SMEs in the trading community to adopt the IT platform under SW, as well as ensuring effective competition among the Value-Added Service Providers under SWs in the future.

18. DSCED(C&I)2 said that companies were applying IT much more widely nowadays than in 1997 when GETS was first introduced. That said, individual companies would have varying degrees of adoption of the new IT platform of SW and commercial players may provide value-added services to facilitate the submission of trade documents by electronic means under the new SW environment to ensure a smooth transition to SW.

19. DSCED(C&I)2 said that in planning for GETS extension (for tidging over to the SW until the latter's full implementation), the Administration would work to ensure fair and effective competition of bidders, reliable service in a stable market during the tide-over period, and smooth transition from GETS to SW eventually. To this end, open tender would be invited with a view to appointing up to three private sector service providers by end 2017, subject to market response. The Administration considered that the proposed six-year contract period of the new GETS contract plus a possible extension of an additional three years should be able to present a reasonable business case for interested bidders.

20. Mr Jimmy NG Wing-ka enquired whether the Administration would consider extending the transition period to allow more time for SMEs to adapt to the new system. DSCED(C&I)2 advised that while the Administration's target was to fully implement the SW system by 2023 and the maximum duration of the new GETS contract would be for nine years, the actual implementation of SW would depend on the progress of system development and degree of acceptance of the trade in respect of the new electronic platform.



*Surveillance of imported food*

21. Referring to a case where food products contaminated by radiation imported from the five specified prefectures of Japan had entered the local market despite import ban and were sold out prior to being located by the Food and Environmental Hygiene Department ("FEHD"), Dr Helena WONG pointed out that the existing post-shipment TDEC was a loophole of food surveillance as it did not provide FEHD with requisite information prior to arrival of imported food to facilitate risk profiling and food tracing. Noting that post-shipment TEDC would remain as a minimum statutory requirement under the SW proposal, Dr WONG cast doubt on the effectiveness of the proposed SW in enhancing safety control of imported food. She considered that traders should be required to submit declaration documents to the relevant government departments concerned before the arrival of goods to facilitate food surveillance work of FEHD.

22. In response, DSCED(C&I)2 explained that as a general requirement applicable to all goods, the post-shipment TDEC would remain as a minimum legal requirement. The Administration would also unify pre-shipment eACI requirements for all modes of transport based on the statutory ROCARS model implemented since 2010 whereby traders would be required to submit the most essential information as pre-shipment eACI for customs clearance. Notwithstanding the above, the proposed SW could cater to additional requirements for further pre-shipment information specific to particular areas, such as statutory regulatory requirements on food safety.

*Anti -smuggling*

23. Pointing out that smugglers used to provide false information in trade declarations, Dr YIU Chung-yim enquired how the proposed SW could facilitate the anti-smuggling work of the Customs and Excise Department ("C&ED"). Assistant Commissioner of Customs and Excise (Excise and Strategic Support) explained that at present, traders were required to submit pre-shipment eACI for customs clearance for road cargoes only. Under the SW proposal, the requirement of pre-shipment eACI would be extended from road cargoes to air and sea cargoes, thereby providing necessary advance cargo information on all modes of transport for C&ED to carry out more effective risk-profiling, and hence more targeted enforcement work for efficient customs clearance. In addition, the sharing of crucial information among participating government agencies of SW, such as licences for controlled goods, would be conducive to efficient trade control and facilitation for achieving various policy objectives, including anti-smuggling, since it would be easier to ascertain traders' compliance with legal and procedural requirements given up-to-date and comprehensive information captured by the SW.

*Summing-up*

Admin 24. The Chairman remarked that the Panel supported the Administration's proposal on the development of SW in principle. At the Chairman's request, the Administration undertook to update the Panel on the progress of the business process review of the existing business workflows of 51 B2G trade documents covered by the SW project, which involved the policy areas of over 10 Government bureaux and departments with a view to streamlining the existing arrangements and identifying room for improvements and efficiency savings, at an appropriate juncture.

**V. Extension and progress report on the Dedicated Fund on Branding, Upgrading and Domestic Sales and the special concessionary measures under the SME Financing Guarantee Scheme**

(LC Paper No. CB(1)779/16-17(05) -- Administration's paper on "Extension and Progress Report of the Dedicated Fund on Branding, Upgrading and Domestic Sales and the Special Concessionary Measures under the SME Financing Guarantee Scheme"

LC Paper No. CB(1)779/16-17(06) -- Paper on support measures for small and medium enterprises prepared by the Legislative Council Secretariat (updated background brief))

Presentation by the Administration

25. At the invitation of the Chairman, Director-General of Trade and Industry ("DGTI") briefed members on the latest implementation progress of the Dedicated Fund on Branding, Upgrading and Domestic Sales ("BUD Fund"), the special concessionary measures under the SME Financing Guarantee Scheme ("SFGS"), and the extension of the application periods of the two schemes, details of which were set out in the Administration's paper (LC Paper No. CB(1)779/16-17(05)).

Discussion

*Applications for the special concessionary measures under the SME Financing Guarantee Scheme*

26. Mr CHAN Chun-ying enquired if the numbers of applications received and approved in relation to the special concessionary measures under SFGS had

increased after the Administration's introduction of the reduction of the annual guarantee fee rate by 10% and removal of the minimum guarantee fee for the special concessionary measures on 1 June 2016.

27. Executive Director and Chief Executive Officer of the Hong Kong Mortgage Corporation Limited ("ED/CEO of HKMC") advised that the Hong Kong Mortgage Corporation Limited ("HKMC") had implemented a series of initiatives in 2016 to enhance the transparency and awareness of the special concessionary measures under SFGS. Since the second quarter of 2016, HKMC had launched a publicity campaign, in which HKMC met with six major trade and industrial organizations, and six Legislative Council Members from the respective functional constituencies, and secured their support to convey the information with regard to the special concessionary measures to their members. Moreover, in response to the requests and need of SMEs, HKMC had also participated in seminars organized by participating lending institutions ("PLIs"), and trade and industrial organizations for SMEs, with a view to promoting the general awareness of the special concessionary measures under SFGS. HKMC acknowledged that the number of applications of the second half of one particular year was lower than that of the first half for the first three years since the launch of special concessionary measures. Yet, after the introduction of the mentioned improvement measures, the number of applications for the special concessionary measures had increased by 15% in the second half of 2016 compared to the first half of the year; and by 45% in the first quarter of 2017 compared to the same period in 2016.

28. Mr WONG Ting-kwong relayed that many enterprises found the cost of applying for loans under the special concessionary measures high because the enterprises concerned had to pay an annual guarantee fee rate. Mr WONG urged the Administration to consider re-launching the Special Loan Guarantee Scheme ("SpGS") which ended in 2010 and was welcomed by many enterprises owing to free-of-charge applications.

29. DGTI advised that SpGS was introduced in late 2008 to help SMEs secure loans from PLIs for meeting general business needs to tide over the liquidity problem during the global financial crisis with the Government acting as the guarantor. Although both SpGS and the special concessionary measures under SFGS provided a guarantee of up to 80% of the approved loan, the average loan amount under the special concessionary measures under SFGS was over \$3.98 million, which was higher than the average loan amount of about \$2.35 million under SpGS. As regards the cost of applying for loans under the special concessionary measures under SFGS, ED/CEO of HKMC advised that the average total lending cost of loans approved under the special concessionary measures under SFGS was 5.3% per annum (i.e. the weighted average overall interest rate of 4.8% and weighted average guarantee fee rate of 0.5%), which was

relatively low given that 97% of the loan applications approved did not require collateral.

30. Dr YIU Chung-yim referred to Annex 4 "Breakdown of Applications Approved under the Special Concessionary Measures by Industry" to the Administration paper (LC Paper No. CB(1)779/16-17(05)) and enquired whether architecture firms and other professionals in the construction industry were included in the sector of "Construction". Dr YIU also enquired about the reason for the percentage of applications approved for enterprises in the construction sector (i.e. 3.0%) under the special concessionary measures under SFGS being higher than the percentage for enterprises in the professional services industry under the Enterprise Support Programme ("ESP") under the BUD Fund (i.e. 1.1%) as set out in Annex 2 to the Administration paper.

31. DGTI advised that as the special concessionary measures under SFGS and ESP under the BUD Fund were two different funding measures with different application criteria, the respective percentages of applications approved could not be compared directly. ED/CEO of HKMC added that under the special concessionary measures under SFGS, applications of enterprises in professional services industry were included in the sector of "Others" under non-manufacturing sectors. As at end-February 2017, out of the 1 531 applications approved in that sector, 138 were from the professional services industry. At the Chairman's and Dr YIU Chung-yim's request, the Administration undertook to provide the breakdown of the applications approved by type of the sector of "Construction" of the non-manufacturing sectors under the special concessionary measures under SFGS.

*(Post-meeting note: The Administration's supplementary information was circulated to members via LC Paper No. CB(1)1019/16-17(01) on 26 May 2017.)*

32. Noting that the Panel on Commerce and Industry ("the Panel") had discussed the support measures for SMEs and Government assistance for SMEs affected by the "Occupy Central" movement, including SFGS, at the meetings on 16 April 2013 and 21 October 2014, Mr LEUNG Kwok-hung enquired about the number of applications under the special concessionary measures under SFGS in which enterprises were affected by the "Occupy Central" movement. DGTI advised that the Administration did not have the related breakdown and reiterated that the applications of enterprises were processed strictly in accordance with the relevant eligibility criteria and established procedures.

*Operation of the special concessionary measures under the SME Financing Guarantee Scheme*

33. Mr CHAN Chun-ying noted that a total of 775 net default claims involving a net claim amount of about \$1.7 billion had been received under the special concessionary measures under SFGS at end-February 2017 but only 175 claims, involving a total claim amount of about \$360 million were approved and compensated thus far. Also, HKMC had only completed a total of 94 claim cases in 2016. Mr CHAN queried whether the Administration had reviewed the effectiveness of the processing arrangement for claim cases and introduced improvement measures to accelerate the processing of unsettled claim cases.

34. ED/CEO of HKMC responded that under normal circumstances, HKMC would respond to a PLI within 10 working days upon receipt of its default claim. The actual processing time would depend on the complexity of each claim and whether the PLI could provide complete information and documents. HKMC was currently processing 40 claim cases. HKMC had been actively processing the outstanding default claims, and the primary reason why HKMC could not yet complete the vetting of these claims was that the PLIs concerned had not yet provided HKMC with all the required information and documents for the due diligence review.

*Applications for the Dedicated Fund on Branding, Upgrading and Domestic Sales by individual industries*

35. Mr YIU Si-wing urged the Administration to enhance the promotion and publicity of ESP under the BUD Fund in the tourism industry because the majority of local travel agencies, which were mainly SMEs, were oblivious of how ESP under the BUD Fund could assist them in enhancing their business development. Mr YIU also enquired about the number of applications submitted by travel agencies, and the applications approved thereof under ESP since its launch.

36. DGTI advised that applications approved under ESP in respect of non-manufacturing industries accounted for 55.1% of the total applications approved, compared to 44.9% of the applications approved in respect of manufacturing industries as at end-February 2017. Among the 55.1%, applications approved came from a number of industries, including the wholesale and retail, creative industries, transportation and logistics, and advertisement, sales and marketing, etc. Director, Corporate Secretariat of Hong Kong Productivity Council ("D/CS of HKPC") added that the Administration would step up efforts to promote ESP in the tourism industry and undertook to provide the number of applications submitted by travel agencies and the applications approved thereof

under ESP of the BUD Fund since its launch.

*(Post-meeting note: The Administration's supplementary information was circulated to members vide LC Paper No. CB(1)1019/16-17(01) on 26 May 2017.)*

37. Dr YIU Chung-yim noted that as at end-February 2017, only nine applications approved under ESP were from enterprises involved in the professional services industries and enquired about the reason for low approval rate.

38. DGTI advised that ESP aimed to provide funding support to individual Hong Kong enterprises in undertaking projects to develop their brands, upgrade and restructure their business operations, and promote sales in the Mainland. Since its launch in 2012, most applications received were from enterprises in industries including the manufacturing industries, wholesale and retail industries, and import and export trade industries which relied more heavily on brand development and equipment facilities enhancement, thereby upgrading and restructuring business operations and promoting domestic sales. DGTI added that it was likely that enterprises in the professional services industries which were looking to enhance competitiveness of their services and furthering business development in the Mainland would be more interested in applying for ESP funding. At the Chairman's and Dr YIU Chung-yim's request, the Administration undertook to provide information on the breakdown of the applications approved by type of the industry of professional services of the non-manufacturing industries under ESP of the BUD Fund.

*(Post-meeting note: The Administration's supplementary information was circulated to members vide LC Paper No. CB(1)1019/16-17(01) on 26 May 2017.)*

39. Mr LEUNG Kwok-hung enquired whether the Administration had information on the number of approved projects each enterprise had obtained funding for under ESP so as to reflect the distribution of ESP funding among the successful applicant enterprises and to find out whether intermediaries had made profits in providing assistance for enterprises in their ESP applications. DGTI responded that the Administration had internal guidelines on the engagement of consultants or implementation agents for implementation of projects. The Administration undertook to provide the information requested by Mr LEUNG.

*(Post-meeting note: The Administration's supplementary information was circulated to members vide LC Paper No. CB(1)1019/16-17(01) on 26 May 2017.)*

40. Mr YIU Si-wing enquired about how the BUD Fund could assist enterprises in the tourism industry, or related to the industry, such as wholesalers and retailers, which were adversely affected by the growth of e-commerce. D/CS of HKPC replied that enterprises could apply for funding to undertake specified activities which could effectively assist them in enhancing their competitiveness in the Mainland and developing the Mainland market. These activities included the establishment or enhancement of websites or online shops. Funding would be provided on a 1:1 matching basis.

*Improvement measures of the Dedicated Fund on Branding, Upgrading and Domestic Sales*

41. Mr Jeffrey LAM declared that he was a director of HKMC. Mr LAM urged the Administration to streamline the application process of funding of the BUD Fund and make it more flexible as many enterprises found it lengthy and rigid. Noting that the unspent funding in the BUD Fund was substantial, Mr LAM suggested that the Administration should consider enhancing the promotion and publicity of the BUD Fund, increasing the batches of applications accepted in a year, and raising the funding level for better utilization of the funding.

42. DGTI advised that the Administration had implemented a host of improvement measures to streamline the application procedures, including launching the "ESP Easy – Simplified Application Track" ("ESP Easy") in August 2015; introducing a "Simplified Option" under ESP since October 2016 which allowed applicants to commence projects as early as after the date of submission of applications and waived the requirement of setting up a separate project account should the applicants opt not to receive initial payment of funding; and streamlining the reporting requirement for grantees of ESP. The number of applications received had increased after the implementation of these measures. On the other hand, to enhance the awareness of the BUD Fund among enterprises and organizations, the Administration had also implemented promotional publicity activities proactively, which included organizing one-on-one consultation sessions to provide advice to interested enterprises and those which planned to re-submit applications previously rejected. Some applicants re-submitted their applications after the consultation sessions and were subsequently granted funding.

43. Mr LEUNG Kwok-hung noted that only half of the applications processed under ESP were successful as out of the 2 087 applications under ESP processed by the Administration as of end-February 2017, excluding the 493 applications subsequently withdrawn by the enterprises, only 806 applications were approved and 788 applications rejected. Mr LEUNG pointed out that despite members' suggestions of introducing promotion and publicity to enhance enterprises'

understanding of the application criteria and procedure of ESP at the Panel meeting on 17 March 2015, the success rate of ESP applications remained low, and enquired about the reason for such a low success rate after the Administration's efforts to step up relevant promotion and publicity.

44. D/CS of HKPC advised that the overall success rate of ESP applications had increased after the launch of a host of improvement measures, including ESP Easy in August 2015. Before the implementation of these improvement measures, one-third of ESP applications was granted funding, and the success rate had risen to about 50% after the improvement measures.

*Experience sharing of successful applications of the special concessionary measures under the SME Financing Guarantee Scheme and the Dedicated Fund on Branding, Upgrading and Domestic Sales*

45. In relation to the progress reports and final reports submitted under ESP and Organization Support Programme ("OSP") of the BUD Fund by funded enterprises and organizations, Mr CHAN Chun-ying enquired whether the funded enterprises would share their experience in implementing the funded projects and the real benefits brought about by the projects to the development of their businesses and tips for successful applications. The Chairman shared a similar view and requested the Administration to provide information on the approved and rejected applications under the various industries/sectors in respect of ESP and OSP and the special concessionary measures under SFGS, with details on the kinds of projects which were granted approval and the justifications for rejecting the applications, so that the interested enterprises would be able to better understand the requirements of and vetting procedure for such programmes and stand a better chance of approval for applications.

46. DGTI advised that a guidebook had been published on the experiences of enterprises from various industries in implementing the funded projects under ESP and the effectiveness of such projects. The guidebook had been uploaded onto the ESP website and distributed free of charge to major trade and industrial organizations and in seminars and symposia to promote ESP. D/CS of HKPC added that symposia had been organized to invite funded enterprises to share with other interested enterprises their experiences in implementing the funded projects and the real benefits brought about by the projects to the development of their businesses. The staff of HKPC and the secretariat of the ESP, had also introduced cases of successful and unsuccessful applications. At the Chairman's request, DGTI undertook to provide the requested information as stated in paragraph 45 for members' consideration.

*(Post-meeting note: The Administration's supplementary information was circulated to members vide LC Paper No. CB(1)1019/16-17(01) on 26 May*



2017.)

**VI. Any other business**

47. There being no other business, the meeting ended at 4:19 pm.

Council Business Division 1  
Legislative Council Secretariat  
16 June 2017