

香港特別行政區政府

商務及經濟發展局
工商及旅遊科

香港添馬添美道二號
政府總部西翼二十三樓



COMMERCE, INDUSTRY AND TOURISM BRANCH
**COMMERCE AND ECONOMIC
DEVELOPMENT BUREAU**

GOVERNMENT OF THE HONG KONG
SPECIAL ADMINISTRATIVE REGION

LEVEL 23, WEST WING
CENTRAL GOVERNMENT OFFICES
2 TIM MEI AVENUE
TAMAR, HONG KONG

Tel No. : 2810 3177
Fax No.: 2869 4420

Mr Desmond Lam
Clerk to Panel
Panel on Commerce and Industry
Legislative Council Secretariat
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong
(Fax: 2978 7569)

25 May 2017

Dear Mr Lam,

**Panel on Commerce and Industry -
Follow-up Actions**

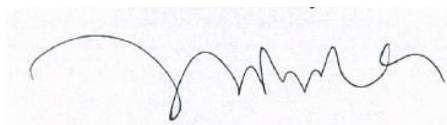
**Extension and Progress Report of
the Dedicated Fund on Branding, Upgrading and Domestic Sales and
the Special Concessionary Measures under
SME Financing Guarantee Scheme**

At the Panel meeting held on 18 April 2017, Members requested the Government to provide supplementary information regarding the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) and the Special Concessionary Measures under SME Financing Guarantee Scheme (SFGS). The relevant information is set out below for Members' reference.

- (a) As at end of February 2017, six applications from travel agencies had been received under the Enterprise Support Programme (ESP) of the BUD Fund, and amongst which, two were approved.

- (b) (i) As at end of February 2017, nine applications from the professional services sector had been approved under the ESP of the BUD Fund, amongst which three were from the legal sector, three from the accounting services sector, two from the management consultancy sector and one from the general commercial advisory sector.
- (ii) As at end of February 2017, 350 applications from the construction sector had been approved under the special concessionary measures of the SFGS. There is no further breakdown of the statistics.
- (c) Under the ESP of the BUD Fund, each enterprise may obtain funding for a maximum of three projects, with a cumulative funding ceiling per enterprise of \$500,000. As at end February 2017, 714 enterprises obtained funding for one approved project, and another 46 enterprises obtained funding for two approved projects.
- (d) The number of approved and rejected applications by industries under the ESP and Organisation Support Programme (OSP) of the BUD Fund, and the special concessionary measures under the SFGS as at February 2017 is at **Annex 1**. Details on the kinds of projects that were approved under the ESP and OSP are at **Annex 2**. For the special concessionary measures under the SFGS, loans approved by participating lending institutions must be used for providing general working capital for the enterprises' business operations, acquisition of equipment, or assets in relation to the enterprises' business. General reasons for rejection under the ESP, OSP and the special concessionary measures under the SFGS are listed at **Annex 3**.

Yours sincerely,



(Vivian Ma)

for Secretary for Commerce and Economic Development

**Breakdown of Applications Approved and Rejected
under Enterprise Support Programme by Industry
(as at end of February 2017)**

Industry <small>Note 1</small>	Number of Applications Approved	Number of Applications Rejected
<i>Manufacturing industries</i>		
Electronics	48 (6%)	37 (4.7%)
Textile and Clothing	46 (5.7%)	34 (4.3%)
Metal Products	24 (3%)	14 (1.8%)
Toys	24 (3%)	15 (1.9%)
Plastics	23 (2.9%)	21 (2.7%)
Watches and Clocks	19 (2.4%)	9 (1.1%)
Jewellery	16 (2%)	11 (1.4%)
Electrical Appliances	15 (1.9%)	14 (1.8%)
Industrial Machinery	14 (1.7%)	7 (0.9%)
Food and Beverage	14 (1.7%)	9 (1.1%)
Other manufacturing industries	119 (14.8%)	79 (10%)
Sub-total	362 (44.9%)	250 (31.7%)
<i>Non-manufacturing industries</i>		
Wholesale and Retail	232 (28.8%)	187 (23.7%)
Import and Export Trade	95 (11.8%)	88 (11.2%)
Information Technology	33 (4.1%)	78 (9.9%)
Creative Industries	16 (2%)	23 (2.9%)
Transportation and Logistics	14 (1.7%)	11 (1.4%)
Professional Services (including legal and accounting services)	9 (1.1%)	15 (1.9%)
Advertisement, Sales and Marketing	8 (1%)	21 (2.7%)
Other non-manufacturing industries	37 (4.6%)	115(14.6%)
Sub-total	444 (55.1%)	538 (68.3%)
Total	806 (100%)	788 (100%)

Note 1: Enterprises involved in more than one industries are categorised based on their core business or the business with a larger scale.

Note 2: Figures in brackets denote the percentages out of the respective total numbers. Percentages may not add up to 100% due to rounding.

**Breakdown of Applications Approved and Rejected
under Organisation Support Programme by Industry
(as at end of February 2017)**

Industry	Number of Applications Approved	Number of Applications Rejected
<i>Manufacturing industries</i>		
Electronics	3 (5.1%)	2 (2.5%)
Textile and Clothing	3 (5.1%)	3 (3.8%)
Food and Beverage	3 (5.1%)	3 (3.8%)
Toys	2 (3.4%)	1 (1.3%)
Printing and Publishing	2 (3.4%)	1 (1.3%)
Medical and Optical Devices	2 (3.4%)	0 (0%)
Footwear	2 (3.4%)	3 (3.8%)
Other manufacturing industries	14 (23.7%)	18 (22.5%)
Sub-total	31 (52.5%)	31 (38.8%)
<i>Non-manufacturing industries</i>		
Information Technology	5 (8.5%)	6 (7.5%)
Creative Industries	2 (3.4%)	4 (5.0%)
Transportation and Logistics	2 (3.4%)	1 (1.3%)
Professional Services (including legal and accounting services)	2 (3.4%)	1 (1.3%)
Other non-manufacturing industries	3 (5.1%)	15 (18.8%)
Sub-total	14 (23.7%)	27 (33.8%)
<i>Cross Sector</i>	14 (23.7%)	22 (27.5%)
Total	59 (100%)	80 (100%)

Note: Figures in brackets denote the percentages out of the respective total numbers. Percentages may not add up to 100% due to rounding.

**Breakdown of Applications Approved and Rejected under
the Special Concessionary Measures by Industry
(as at end of February 2017)**

Industry	Number of Applications Approved	Number of Applications Rejected
<i>Manufacturing industries</i>		
Textiles and clothing	517 (4.5%)	3 (3.5%)
Electronics	248 (2.1%)	2 (2.4%)
Plastics	215(1.9%)	4 (4.7%)
Printing and publishing	196 (1.7%)	0 (0%)
Others	1 535 (13.2%)	5 (5.9%)
Sub-total	2 711 (23.4%)	14 (16.5%)
<i>Non-manufacturing industries</i>		
Trading	5 317 (45.9%)	43 (50.6%)
Wholesale and retail	1 045 (9.0%)	5 (5.9%)
Construction	350 (3.0%)	3 (3.5%)
Engineering	340 (2.9%)	1 (1.2%)
Transportation/logistics	295 (2.5%)	5 (5.9%)
Others	1 531 (13.2%)	14 (16.5%)
Sub-total	8 878 (76.6%)	71 (83.5%)
Total	11 589(100%)	85 (100%)

Note: Figures in brackets denote the percentages out of the respective total numbers. Percentages may not add up to 100% due to rounding.

**Kinds of Projects Approved under BUD Fund
(as at end of February 2017)**

Scope	Applications Approved under Enterprise Support Programme	Applications Approved under Organisation Support Programme
Branding	13 (1.6%)	4 (6.8%)
Upgrading	24 (3.0%)	0 (0%)
Domestic Sales	245 (30.4%)	8 (13.6%)
Branding and Upgrading	4 (0.5%)	3 (5.1%)
Branding and Domestic Sales	231 (28.7%)	35 (59.3%)
Upgrading and Domestic Sales	153 (19.0%)	5 (8.5%)
Branding, Upgrading and Domestic Sales	136 (16.9%)	4 (6.8%)
Total	806 (100%)	59 (100%)

Note: Figures in brackets denote the percentages out of the respective total numbers. Percentages may not add up to 100% due to rounding.

General Reasons for Rejection

Enterprise Support Programme under the BUD Fund

- The applicant enterprise cannot demonstrate that the activities in the project can enhance its competitiveness and facilitate its business development in the Mainland.
- The applicant enterprise cannot show that it has sufficient ability to implement the proposed project.
- The implementation plan lacks sufficient concrete details to show how the project would be effectively implemented.
- The holistic business plan and the project details are too broad-brush and lacks clarity.
- The budget lacks sufficient details or breakdown.
- The project details do not meet the relevant rules (e.g. the individual budget item(s) seriously depart(s) from the funding rules).
- The applicant does not meet the eligibility criteria.
- The budget is not considered to be reasonable.

Organisation Support Programme under the BUD Fund

- The applicant cannot demonstrate that the project can enhance competitiveness of Hong Kong enterprises in the Mainland.
- The project proposal is not clear or the implementation plan lacks concrete details.
- The project is not cost effective.
- The applicant did not solicit sufficient support from the trade and relevant industry associations or professional bodies to ensure that the project could be effectively implemented.

Special Concessionary Measures under SFGS

- Breach of the eligibility criteria is found (e.g. the enterprise's business has not been in operation for at least one year in Hong Kong as at the date of submission of the relevant application; the requisite application documents are not submitted; the total facility amount exceeds the maximum limit of HK\$12,000,000, etc.).
- There are credit risk concerns on the borrowing enterprises (e.g. unsatisfactory repayment record, high leverage, litigation recorded with significant impact on financial ability, etc.).