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**BY E-MAIL**

22 December 2020

Ms Shirley CHAN  
Legislative Council Secretariat  
Legislative Council Complex  
1 Legislative Council Road  
Central, Hong Kong

Dear Ms CHAN,

**Panel on Economic Development**  
**Letter from Hon Holden CHOW Ho-ding dated 30 November 2020**

Thank you for your letter dated 1 December 2020, relaying the Hon Holden CHOW Ho-ding's views concerning the Local Mask Production Subsidy Scheme (the Scheme).

The Government launched the Scheme at the beginning of this year under the Anti-epidemic Fund to facilitate local production of masks in order to stabilise supply and to build up stock. The Scheme, with the Hong Kong Productivity Council (HKPC) as its Secretariat, provides two forms of subsidies to 20 local mask production lines:

- (a) Provide capital subsidy to the production lines, which covers cost items relevant to the establishment of a mask production line (i.e. production equipment, venue setup, clean room setup, and testing and standard compliance costs). The subsidy is disbursed in four

instalments, depending on the progress of establishing the production lines as well as production outputs; and

- (b) Procure up to two million masks from each production line every month for one year. The price of the masks is set with reference to major production costs and such costs are reviewed regularly. Documentary proof must be submitted by the relevant companies for verification purposes.

In line with the funding agreements, the Government has already disbursed the first two instalments of the capital subsidy to all production lines. The third and fourth instalments of the capital subsidy will be disbursed in later stages of the agreement period pursuant to the terms of the funding agreements. Once the production lines have been confirmed to meet the relevant requirements laid down in the funding agreements, the Government will disburse the two remaining instalments of the capital subsidy in a timely manner.

As for the verification of the mask price and disbursement of procurement payments, the Government and HKPC must, in accordance with the terms of the funding agreements, vet the production cost calculations and supporting documents submitted, and would also endeavour to disburse payments to the relevant companies as soon as possible. The vetting time required hinges on the companies' timely submission of accurate calculations and complete supporting documents for their production line(s). To ensure proper use of public funds, the Government and the Secretariat of the Scheme must carefully scrutinise the documents submitted by the companies and, where necessary, seek clarifications and/or further information from them.

We would like to take this opportunity to convey our gratitude to the companies participating in the Scheme for their strenuous efforts in combatting the pandemic. The Secretariat of the Scheme will continue to maintain close contact with them on the operation of the Scheme.

We would appreciate it if the Secretariat could please relay this letter to the Panel on Economic Development for their reference.

Yours sincerely,



( Alvin Wong )

for Secretary for Commerce and Economic Development