

LCQ4: Assisting enterprises in upgrading and restructuring operations

Following is a question by the Hon Jimmy Ng and a written reply by the Secretary for Commerce and Economic Development, Mr Edward Yau, in the Legislative Council today (May 15):

Question:

Some members of the manufacturing industry have relayed to me that in recent years, they have planned to upgrade and restructure their plants located in the Mainland cities within the Guangdong-Hong Kong-Macao Greater Bay Area (the Greater Bay Area), but they have encountered quite a number of difficulties in raising the funds needed. In this connection, will the Government inform this Council:

(1) whether it knows the details of the loans provided by the banks in Hong Kong, in each of the past five years, for Hong Kong-owned manufacturing enterprises in respect of their plants located in the Mainland cities within the Greater Bay Area, including (i) the number of cases, (ii) the number of enterprises, as well as (iii) the total, median and average amounts of loans, together with a tabulated breakdown by the (a) name of bank and (b) city where the plant was located; and

(2) whether it will introduce more targeted measures to assist such Hong Kong-owned manufacturing enterprises in upgrading and restructuring their plants, as well as seizing the opportunities brought about by the development of the Greater Bay Area; if so, of the details; if not, the reasons for that?

Reply:

President,

In consultation with the Hong Kong Monetary Authority (HKMA) and the Constitutional and Mainland Affairs Bureau, our reply to the various parts of the question is as follows:

(1) The HKMA does not have statistics on the loans provided by the banks in Hong Kong for Hong Kong-funded manufacturing enterprises in respect of their plants located in the Mainland cities within the Greater Bay Area.

(2) The Hong Kong Special Administrative Region (SAR) Government has been assisting enterprises in upgrading and restructuring their operations through various means.

The Government launched the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) in June 2012 to assist enterprises in enhancing competitiveness and furthering business and brand development in the

Mainland. Enterprises can apply for the funding support of BUD Fund to carry out projects to develop brands, upgrade and restructure business operations and promote sales. Allowable project measures may include procuring or leasing of machinery/equipment, producing moulds or samples of new products, etc. Since the launch of the BUD Fund in 2012 and up to the end of March 2019, a total of 1 749 applications were approved under the Mainland Programme of the BUD Fund, involving a total funding amount of about \$699.4 million.

To assist Hong Kong enterprises in capturing the opportunities brought about by the development of the Greater Bay Area, the Government has implemented enhancement measures in August 2018, including doubling the cumulative funding ceiling for each enterprise for undertaking projects in the Mainland from \$500,000 to \$1 million. Enterprises responded positively to the enhancement measures. Since the implementation of the enhancement measures and up to the end of March 2019, a total of 857 applications were received under the Mainland Programme of the BUD Fund, representing an increase of 100 per cent as compared to the corresponding period in 2017-2018. 318 of those applications have been approved, involving a funding amount of \$183.5 million.

In addition, the HKMC Insurance Limited and the Trade and Industry Department have implemented respectively the special concessionary measures under the SME Financing Guarantee Scheme and the SME Loan Guarantee Scheme to assist enterprises in securing loans for acquiring equipment and for general working capital, etc.

At the same time, the Hong Kong SAR Government has launched a series of publicity efforts to increase understanding in the development of the Greater Bay Area amongst various sectors of society. The Hong Kong SAR Government has set up a dedicated website on the Guangdong-Hong Kong-Macao Greater Bay Area (www.bayarea.gov.hk) and a WeChat official account (WeChat ID: HKCMAB) to provide latest information on the development of the Greater Bay Area, as well as regular updates on policies of Greater Bay Area cities and the work of the Hong Kong SAR Government, with a view to helping enterprises and members of the public understand and take advantage of the development opportunities brought about by the development of the Greater Bay Area.

The Government will continue with the above work, and review the various support measures from time to time in order to provide adequate and timely support to enterprises.