



香港工業總會
FHKI

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Federation of Hong Kong Industries

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Industry News

Press Release

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**The FHKI welcomes the Budget set to
Optimise the fiscal surplus, diversify the economy and invest for the future**

In response to the new Administration's first Budget announced by Financial Secretary Paul Chan today (Wednesday), Federation of Hong Kong Industries (FHKI) Chairman Jimmy Kwok supports the Government to optimise its substantial fiscal surplus and reserve, and put forward measures on diversifying our economy, investing for the future and improving people's livelihood.

The FHKI also supports the Budget's investment and supporting measures on long term development of innovation and technology (I&T) in Hong Kong and welcomes the Government's move to set aside an additional HK\$50 billion for supporting I&T development which facilitates the sustainable development of Hong Kong. Among which, HK\$20 billion will go to the Hong Kong-Shenzhen Innovation and Technology Park in the Lok Ma Chau Loop as construction and initial operation expenses, providing a first step for the most important co-operative research and development (R&D) platform between Guangdong and Hong Kong.

Mr Kwok says that the FHKI has made a submission on refining the Government funding schemes and is happy to see some of our suggestions being adopted by the Government, including the relaxation of eligibility criteria of the Technology Voucher Programme and lift of the cumulative funding ceiling for enterprises under the SME Export Marketing Fund to HK\$400,000. Of particular importance is that the geographical scope of the Enterprise Support Programme under the Dedicated Fund on Branding, Upgrading and Domestic Sales is extended from the Mainland to include the ASEAN countries and the respective cumulative funding ceiling for enterprises undertaking projects will be increased to HK\$1 million. Hong Kong enterprises can thereby obtain more resources to capture the enormous business opportunities in the Mainland and ASEAN countries.

Mr Kwok mentions, "Having consulted our member companies before, we found out that a lot of them did not know which of the Government funding schemes suit them the most. Meanwhile, a portion of them have heard of the schemes but did not take action in applying due to the very limited resources that they have. In many cases, most SMEs failed to allocate manpower and resources to cope with the complicated procedures in applying for such schemes."

"In view of this, the FHKI recommends the Government to set up a cross-departmental one-stop consultation service platform, in which advisors may introduce suitable schemes for and provide full support to enterprises catered to their needs, such as advice on filling out application forms and preparing the list of required documents," Mr Kwok continues.



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Apart from speeding up its process in reviewing applications, the FHKI also suggests the Government to make good use of technology to simplify form filling procedures, and cut down unnecessary declarations in order to prevent discouraging SMEs from applying due to complicated procedures.

The FHKI also welcomes the Government to earmark HK\$10 billion to support the establishment of technological platform to attract the world's top scientific research institutions and offer assistance to non-profitable I&T institutions. Nevertheless, the research activities in robotics and Artificial Intelligence of local enterprises play an important role in I&T development. The FHKI suggests the platform should also provide financial assistance to local I&T enterprises.

Regarding the tax deduction for R&D expenditure, Mr Kwok says, "The FHKI has reflected the industry's views through a number of channels since last year. We are glad to see the drafting of legislation and consultation work well underway, and wish to see its implementation as soon as possible. The FHKI agrees with the Government that criteria on tax concession have to be defined carefully. However, the criteria should cater to the actual needs of enterprises, for example to allow them to utilise different R&D services provided by various institutions in Hong Kong and to outsource their R&D activities to institutions in the Bay Area. Complicated declaration procedures and high administration cost should be avoided or else the effectiveness of the measure will be negated."

As for the abolishment of the MPF offsetting mechanism, Mr Kwok states, "Although the Government is willing to increase its financial commitment to HK\$15 billion, we urge the Government to put forth the detailed arrangement such as the subsidy period and the forms of assistance as soon as possible to allow micro-enterprises and SMEs to forecast the costs, evaluate the risks, and allocate resources in advance. The FHKI will continue to foster communication between the Government and the industry in a bid to reach a feasible proposal which takes the affordability of micro-enterprises and SMEs into account."

Mr Kwok concludes, "The development of global and Hong Kong economy is progressing soundly. It is crucial and realistic to invest for Hong Kong's future. The economic development of China has entered a new phase and Hong Kong should fully utilise abundant opportunities brought by the national strategies of Belt and Road Initiative and the Bay Area. The FHKI will stay in line with the Government's policy measures to assist the industry to grasp the opportunities and lead Hong Kong economy to a new era."

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