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HK Government Funding Schemes – BUD Fund

The Government of the Hong Kong Special Administrative Region formally established the "BUD Special Fund" in June 2012, and further optimization measures was launched recently on April 9, 2020.

"BUD Fund" could be separated as "Mainland Programme" and "FTA Programme" to assist Hong Kong enterprises in branding, Upgrading & Restructuring, Promoting Sales. Enterprises can flexibly use the total funding limit of HK\$ 4 million to implement projects in the Mainland or FTA areas to develop and promote their products and services.

FTA economies includes four member states of European Free Trade Association (Iceland, Liechtenstein, Norway, Switzerland), New Zealand, Chile, Macau, ASEAN (Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam), Australia and Georgia.

1. Scope of the Programme

The Programme covers three areas, namely

Branding

Brand Strategy and Positioning, Brand Building and Design, Brand Management, etc.

Upgrading and Restructuring

New product Design, Adoption of Advanced Technology, Management and Logistics System Upgrading, Manufacturing Automation, etc.

Promoting Sales

Sales marketing research, Strategic Planning, Sales Team Formation and Management, etc.

Funding could be used for project measures such as: Recruiting Additional Manpower, Procuring Additional Machinery, facilities and equipment, Advertising, etc.

* If the project measures have received/would receive other sources of funding from the government or other means, the "BUD Fund" will not accept the application for the same project measures.

2. Types of Projects

Type (i) Project Applications

The enterprise engages qualified service providers to develop holistic business plans in the areas of branding, upgrading and restructuring and/or promoting sales that enhance their competitiveness and facilitate their business development.

Type (ii) Project Applications

The enterprise itself and/or its appointed implementation agent implements specific measures in the areas of branding, upgrading and restructuring and/or promoting sales that enhance their competitiveness and facilitate their business development.

* Applications of type (i) and (ii) must fill out different forms and cannot be submitted at the same time.

3. Funding Amount

Funding would be provided on a matching basis, i.e. the Government will cover a maximum of 50% of the total approved project cost and the enterprise has to contribute no less than 50% of the total approved project cost in cash.

*The Government will provide full funding support for the audit fee of approved project, capped at HK\$10,000 per audit which will be counted towards the cumulative funding ceiling per enterprise.

4. Funding Ceiling

The funding ceiling for each approved project is HK\$1 million. The cumulative funding ceiling for BUD fund (Total of "Mainland Programme" and "FTA Programme") is HK\$4 million per enterprise.

*Related enterprises, i.e. Enterprises having common shareholders whose equity interest is 30% or more and having the same business nature, would be treated as one single enterprise for the purpose of calculating the cumulative funding amount.

5. Project Duration

Each approved project should be completed within 24 months.

For projects with implementation period not exceeding 18 months, the enterprise should submit the final report and the audited accounts not later than two months after project completion.

For projects with implementation period exceeding 18 months, the enterprise should submit additional progress report and annual audited accounts covering the first 12 months starting from the project commencement date. The submission deadline is one month after the relevant 12-month period.

6. Application Details

(1) Eligibility of Applicants

Companies applying for BUD fund must meet the following requirements:

- a. Registered in Hong Kong in accordance with the Business Registration Ordinance, Sole Proprietorship / Partnerships / Limited companies can apply
- b. Substantial business operations in Hong Kong*
- c. Non-listed enterprises#

*Various factors will be considered including the nature of business operations in Hong Kong, the number of employees in Hong Kong, whether profits are tax assessable in Hong Kong, etc.

#If the subsidiaries of the listed company are not listed, they are eligible to apply.

(2) Documents Required for Application

- a. The original copy of the completed application form (signed by the authorized person and sealed by the company)
- b. Software copy of the completed application form (MS WORD format)
- c. Copies of enterprise certification documents, basically including:
 - Business Registration Certificate and Certificate of Incorporation
 - Proof of the shareholders (e.g. Form 1(a) of the Business Registration Office, Annual Return of the Companies Registry (Form AR1))
 - Proof of the Applicant's substantive business operation in Hong Kong (e.g. business receipts, audited accounts, MPF contribution record)
 - License required for successful implementation of the proposed project business operations in the target market (if applicable)

* The documents required for Type (i) and Type (ii) Project Applications are slightly different. For details, please refer to appendix (3) of the application form.

(3) Procedures

Applicants must complete the application form and submit the required documents in person or by post to The Hong Kong Productivity Council at address: Reception, G/F, HKPC Building, 78 Tat Chee Avenue, Kowloon, Hong Kong.

Applicants will receive confirmation emails within 1 month and must provide additional information / documentary proof (if required) within 14 days.

The application will go through three levels of assessment procedures which will normally completed within 3 months.

7. Disbursement of Grant

Applicants can choose whether to receive initial payment for their approved project.

For an applicant who opts to receive initial payment, the government will release 75% of total approved funding for project execution after successful approval of the application. The remaining 25% will be disbursed after the project completes.

If applicant opts not to receive initial payment, the government will disburse the grant after the project is completed. Depending on the project progress and expenditure, Mid-term payment no more than 50% of the total approved funding will be disbursed. (only applicable to projects with duration more than 18 months).

*If partial of the project cannot be completed in the end or fails to comply with the terms and conditions stipulated in the funding agreement, the applicant may have to refund part of disbursed funding to the government.

If you wish to obtain more information or assistance, please browse our website at www.kaizencpa.com or contact us through the following and talk to our professionals:

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