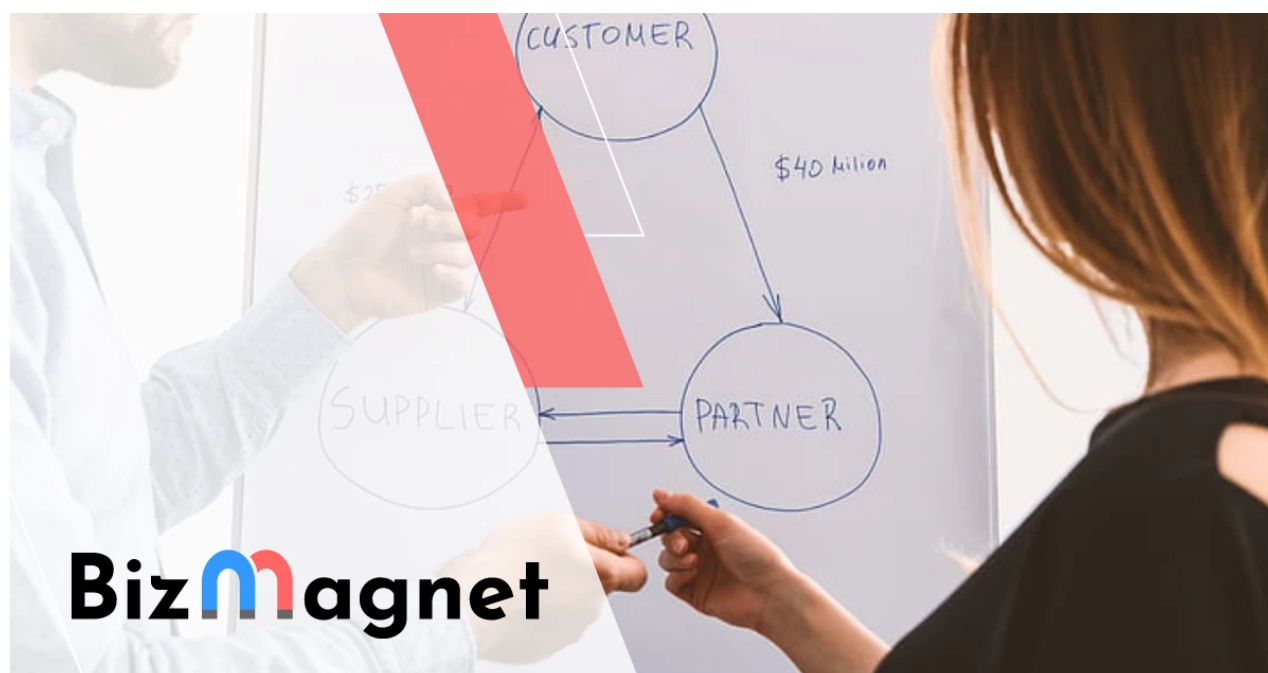


BUD Fund Application – A Complete Guide 2022

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2020-06-15



Since the launch in 2012, the BUD Fund is so popular for SMEs. The BUD Fund Mainland Programme and FTA and IPPA Programme offers HK\$ 6,000,000 on a one-to-one basis to encourage Hong Kong business to brand, upgrade and promote in mainland China, FTA and IPPA economies. BizMagnet BUD consultant consolidates this “BUD Fund Application – A Complete Guide 2022” to help you understand more. Welcome to contact BizMagnet.

It spends around 10 minutes to read this guide. You may scroll to the bottom to download this complete guide.

Eligibility

The basic requirement of the BUD Fund application:

- Valid Business Registration
- Substantive business operation
- Non-listed company

The proof of substantive business operation includes MPF record, business agreement, invoice, receipt, audit report and taxation etc. The BUD Fund is not a start-up fund and requires a mature business establishment. If a company comes with too little revenue, no staff or no relevant experience may fail to apply the BUD Fund.

Applicant company and Local business

According to the BUD Fund application guideline, Hong Kong applicant company should have a relationship with the local business in either of the following way:

- Applicant company owns more than 50% of the local business
- A natural person owns more than 30% of the applicant company and more than 50% of the local business
- A group of natural persons totally owns both of the applicant company and the local business

The above relation requirement between the applicant company and the local business is a common reason of eligibility failure.

Grant amount

An eligible firm can apply the Mainland Programme and the FTA and IPPA Programme for at most 60 times. For each application, the BUD Fund will sponsor 50% of the project cost or HK\$1,000,000 (whichever lower). Moreover, each specific item is subject to a percentage or amount limit. The BUD Office regards companies with the same shareholder holding more than 30% of shares as one related entity (disclosed till the ultimate level of natural person). The cumulative subsidy to one related entity is same as one single entity.

Funding scope

The project should be dedicated to branding, upgrading and sales promotion.

- Brand strategy and position – Market research, brand spec and handbook etc
- Brand design and communication – Redesign, intellectual property and marketing assessment etc
- Brand management – Training and skill to promote brand value etc
- Brand monitoring – Survey to brand experience of clients and market

From brand reposition, design to continual brand monitoring. Target to promote brand value.

Upgrading

- Business model transition – From OEM to ODM and OBM
- Product innovation – New product research and strategy
- Technology advancement – Elevate manufacturing tech and industrial automation etc
- Management enhancement – Business restructuring, quality control etc

Boost the overall productivity and create new market with latest technology and management skill.

Sales promotion

- Strategy planning – Marketing and promotion investigation
- Sales boost – Multiple promotion channels
- Marketing management – Staffing and management

Promote the brand and the products in target markets via variety of online and offline channels

Project type

There are two types of BUD projects: Type (i) – Holistic business plan and Type (ii) – Specific implementation

Type (i) Holistic business planning

An applicant company without local market business or experience should have provide a holistic business plan, and the BUD Fund Type (i) is a suitable choice for the applicant.

Type (ii) Specific implementation

Once the applicant company has a business plan or a local business to boost the brand, upgrade or promotion, it is the time to apply the BUD Fund Type (ii). The BUD Office expects the applicant provide a holistic plan and quick response. For instance, an authorized agency should be able to provide a complete agreement.

Vetting procedure and criteria

The application will submit to the BUD Office (by the HK Productivity Council) to check if the document ready, eligibility fulfilled or any ambiguity to clarify. Once completed, the application will pass to an inter-departmental committee (IDC) to advise the approval and the grant amount. Finally the advice will pass to the Programme Management Committee (PMC, chaired by the Director-General of Trade and Industry in general) to decide to accept.

Vetting criteria

- Help the applicant to develop the local business instantly or in a long run
- Build up or boost the competitiveness of the applicant in the local market
- Concrete deliverable for monitoring or assessment
- Concrete developing action in the local market
- Reasonable, itemized and supported budget

Prioritizing condition

- SMEs (<100 employees for manufacturers and <50 employees for service providers)

- Success in short time to be a good model to other Hong Kong companies
- Synergy in different aspects
- Procuring Hong Kong products and services to flourish Hong Kong economy

The application can be prioritized if the proposal shows the above condition. It helps the BUD Office to speed up the process and increase the success chance.

Application document

- Business registration and company certificate
- Proof of shareholding structure
- Proof of substantive business
- Annual audit report
- Local business registration
- Proof of the relation between Hong Kong applicant and local business
- Brief introduction of the applicant

The proof of substantive business is the MPF record, invoice, receipt, bank statement, taxation, lease etc in usual.

*Please notice that only online application available after 31st July, 2020.

Project kick-off

The applicant can start the project on the next day of application confirmation by the Secretariat. However, if the application fails or not fully granted, the HKSAR Government is not responsible for the remaining amount. In general, the BUD application takes 3 -4 months to proceed.

Disbursement

Once the BUD fund granted, the enterprise can select to accept initial payment. The first payment is 75% of the total grant. If the enterprise doesn't accept the initial payment and the project lasts for more than 18 months, it can also choose to accept a mid-payment which is 50% of the total grant. The final payment is the remaining grant after all previous payments. The amount of mid-payment and final payment depends on project progress and the actual costs.

If the actual cost is less than the first or the mid payment, the remaining fund should be returned to the Government.

Though the application of BUD Fund looks complex, it is still achievable if we can stick to the procedure. BizMagnet BUD consultant always welcomes for all inquiries.

You may download this BUD Fund Guide.

Reference: BUD Official website

