



發展品牌、升級轉型及
拓展內銷市場的專項基金
Dedicated Fund on Branding,
Upgrading and Domestic Sales

Guide to Application for the Dedicated Fund on Branding, Upgrading and Domestic Sales

“E-commerce Easy”

Effective from 28 November 2025



香港特別行政區政府
The Government of the
Hong Kong Special Administrative Region



工業貿易署
Trade and Industry Department

BUD專項基金執行機構
The BUD Fund Implementer



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1. GENERAL

1.1 Background

- 1.1.1 To help Hong Kong enterprises capture the opportunities arising from the National 12th Five-Year Plan, the Hong Kong Special Administrative Region Government (the Government) set up a "Dedicated Fund on Branding, Upgrading and Domestic Sales" (the BUD Fund) of HK\$1 billion in June 2012 to assist Hong Kong enterprises in exploring and developing the Chinese Mainland market through developing brands, upgrading and restructuring their operations and promoting domestic sales in the Chinese Mainland (the Mainland Programme).
- 1.1.2 Since 2018, the Government has injected a total of HK\$6 billion into the BUD Fund, and launched rounds of enhancement measures to better support local enterprises in exploring more diversified markets and capturing the opportunities brought by the Chinese Mainland's National 14th Five-Year Plan. Currently, the geographical coverage of the Fund has been extended to include the Chinese Mainland (the Mainland Programme) and other economies with which Hong Kong has signed Free Trade Agreements (FTAs) and/or Investment Promotion and Protection Agreements (IPPAs) (the FTA and IPPA Programme).
- 1.1.3 To strengthen the support to enterprises in enhancing their competitiveness and developing diversified markets, the cumulative funding ceiling per enterprise under the BUD Fund has been increased to HK\$7,000,000 and the maximum number of approved projects per enterprise has been increased to 70 since November 2022.
- 1.1.4 To enable more enterprises to make use of the BUD Fund to develop their business, "Easy BUD" has been launched on 16 June 2023 to expedite the application and processing procedures for projects involving designated measures with a funding amount not exceeding HK\$100,000.
- 1.1.5 To enable enterprises to make use of funding support of the BUD Fund flexibly to implement e-commerce projects for developing their businesses in the Chinese Mainland, "E-commerce Easy" has been launched with effect from 15 July 2024. The cumulative funding ceiling per enterprise for "E-commerce Easy" is HK\$1,000,000. Funding for "E-commerce Easy" will be counted towards the cumulative funding ceiling of HK\$7,000,000.
- 1.1.6 In the 2024 Policy Address, an injection of HK\$1 billion was announced, as well as the expansion of the geographical coverage of E-commerce Easy to the 10 ASEAN countries, and provision of targeted funding support for enterprises to implement green transformation projects.
- 1.1.7 To help enterprises to better cope with the increasingly complex business environment, the 2025-26 Budget proposed an injection of HK\$0.75 billion into the BUD Fund, coupled with enhancements to the

"Easy BUD". Applications to "Easy BUD" may be made on a more frequent basis. Besides, the funding scope of "Easy BUD" will be expanded to include establishment of online sales platform. Furthermore, to assist enterprises in restructuring their business operations in the face of rising trade protectionism and geopolitical tensions, the BUD Fund will also expressly provide for funding support for professional fees associated with the establishment of new business entities. In addition, a series of measures has been implemented to ensure the financial sustainability of the fund.

- 1.1.8 The Government has engaged Hong Kong Productivity Council (HKPC) as the implementation partner of the BUD Fund. This Guide to Application sets out the details of the "E-commerce Easy" which covers applications for undertaking e-commerce projects to develop the Chinese Mainland and ASEAN markets.

1.2 Objective of BUD Fund

The objective of the BUD Fund is to provide funding support for individual non-listed Hong Kong enterprises to undertake projects to develop brands, upgrade and restructure their business operations and promote sales in the Chinese Mainland and other FTA and/or IPPA markets, so as to enhance their competitiveness and facilitate their business development in those markets. BUD Fund covers three areas, namely (i) branding; (ii) upgrading and restructuring; and (iii) domestic/promoting sales. Detailed elaborations of the scope of branding, upgrading and restructuring and domestic/promoting sales are set out in the Guide to Application for general applications of the BUD Fund.

1.3 Funding Scope of "E-commerce Easy"

The funding scope of "E-commerce Easy" projects is confined to the types of measures set out below which should be directly related to the development of the applicant's e-commerce business for developing the Chinese Mainland and ASEAN markets. There is no specific budget cap on the individual measures except the external audit fee as stated below.

- 1.3.1 Establishment of online sales platform;
- 1.3.2 Placing advertisements on commercial media which are related to the applicant enterprise's e-commerce business;
- 1.3.3 Development or enhancement of mobile applications;
- 1.3.4 Development or enhancement of applicant's company website (e.g. incorporation of online payment options);
- 1.3.5 Other e-commerce related project measure(s), such as production of promotional video(s)/photo(s) for uploading on multiple platforms for promoting the applicant's e-commerce business;

- 1.3.6 A combination of any of the above; and
- 1.3.7 External audit fee (for preparation of annual/final audited accounts of the approved project) not exceeding HK\$10,000 per audit.

1.4 Funding Amount and Principles

- 1.4.1 Under the BUD Fund, the cumulative funding ceiling per enterprise is HK\$7,000,000, and funding support will be granted to each enterprise for a maximum of 70 approved projects. The funding ceiling for each approved "E-commerce Easy" project is HK\$800,000 and the cumulative funding ceiling of "E-commerce Easy" per enterprise is HK\$1,000,000. Funding for "E-commerce Easy" will count together with those for "Easy BUD" and other general applications towards the overall funding ceiling of HK\$7,000,000 per enterprise. The number of approved projects for "E-commerce Easy" will also count together with those for "Easy BUD" and other general applications towards the maximum number of 70 approved projects granted to each enterprise under the BUD Fund.
- 1.4.2 Funding would be provided on a 1 (Government) : 3 (enterprise) matching ratio, with the Government covering a maximum of 25% of the total approved project cost and the enterprise contributing no less than 75% of the total approved project cost in cash. The audit fee, capped at HK\$10,000 per audit of the approved project will also be subject to the same matching ratio of 1:3 and will be counted towards the funding ceiling for each "E-commerce Easy" application.
- 1.4.3 The total approved funding amount of all approved applications and/or on-going projects (i.e. those for which the final reports have not been accepted by the Programme Management Committee) of an applicant under the BUD Fund (including general applications, "Easy BUD" applications and "E-commerce Easy" applications) should not exceed HK\$800,000 at any one time.
- 1.4.4 Related enterprises, i.e. enterprises registered as different businesses under the Business Registration Ordinance (Cap. 310) but having common shareholders (up to the ultimate level of natural persons if the enterprises are held by companies) whose equity interest is 30% or more in each of the enterprises and having the same business nature, would be treated as one single enterprise for the purpose of calculating the cumulative funding amount (i.e. subject to the cumulative funding ceiling of HK\$1,000,000 for "E-commerce Easy" within the cumulative funding ceiling of HK\$7,000,000 per enterprise).
- 1.4.5 Each approved project should be completed within 24 months and no further extension of project period would be allowed.

- 1.4.6 An application under "E-commerce Easy" may be rejected if it is made to circumvent any prescribed funding limit under the BUD Fund (including "E-commerce Easy", "Easy BUD" and other general applications).

1.5 Application Period

"E-commerce Easy" is open for application all year round.

2. ELIGIBILITY

2.1 Eligibility Requirements

- 2.1.1 Any e-commerce projects falling within the three areas of the BUD Fund (i.e. covering any one or more areas of (i) branding; (ii) upgrading and restructuring; and (iii) domestic/promoting sales) with project measures falling within the funding scope as set out in 1.3.1 to 1.3.7 above that assist individual non-listed Hong Kong enterprises in enhancing their competitiveness and facilitating their business development in the Chinese Mainland or ASEAN markets are eligible for applying for funding support under "E-commerce Easy". For applications under "E-commerce Easy", applicants should already have a holistic business plan for developing the Chinese Mainland or ASEAN markets.
- 2.1.2 Any expenditure item(s) which have received/would receive funding support from other funding schemes provided by the HKSAR Government or any statutory organisations or non-governmental organisations receiving subventions from the HKSAR Government or any governmental authorities of other market(s) or other sources of sponsorships/donations in Hong Kong or elsewhere would not be eligible for funding support under the BUD Fund. Applicants have to declare in their applications that the proposed project measures have not received such other sources of funding support and are not applying for such funding support at the time of application.
- 2.1.3 Ongoing projects being undertaken by individual enterprises are not eligible for funding support under "E-commerce Easy" unless the following criteria can be met:
- (A) the remaining part of the project can be conducted as a stand-alone project with separate and well defined deliverables;
 - (B) the commencement and completion dates of the remaining part of the project can be clearly identified; and
 - (C) the budget for the remaining part can be separately provided and justified.

2.2 Eligibility of Applicants

- 2.2.1 All non-listed enterprises¹ registered in Hong Kong under the Business Registration Ordinance (Cap. 310) with substantive business operations in Hong Kong are eligible to apply, irrespective of whether they belong to the manufacturing or service sector and whether they already have any business operations in the Chinese Mainland and ASEAN markets. An enterprise having most of its business operations outside Hong Kong or a shell company will not be regarded as having substantive business operations in Hong Kong.
- 2.2.2 The applicant must provide documentary evidence proving its substantive business operations in Hong Kong at the time of application. Such evidence can be employee records, tax returns, business transaction documents such as business contracts, invoices, etc. Factors that will be taken into account in assessing the eligibility of the applicants with respect to this eligibility requirement and examples of the documents that may serve as the relevant proof are at **Annex 1**.
- 2.2.3 For an application which involves project implementation by the entity of the applicant in the Chinese Mainland/ASEAN markets (the local entity), the applicant must provide documentary evidence proving its investment relationship with the local entity. The applicant would be considered as having an eligible investment relationship with the local entity if it meets one of the following criteria (please refer to **Annex 2** for illustration):
- (A) the applicant (enterprise) holds more than 50% shareholding of the local entity; or
 - (A1) the applicant (enterprise) holds 100% shareholding of a Hong Kong/local enterprise, which in turn holds 100% shareholding of the local entity; or
 - (B) one individual shareholder (natural person) with at least 30% shareholding of the applicant holds more than 50% shareholding of the local entity; or
 - (B1) one individual shareholder (natural person) with at least 30% shareholding of the applicant holds 100% shareholding of a Hong Kong/local enterprise, which in turn holds 100% shareholding of the local entity; or
 - (C) the applicant (enterprise) and the local entity are 100% held by the same group of shareholders (natural person); or
 - (C1) the same group of shareholders (natural person) hold 100% shareholding of the applicant (enterprise), and also 100%

¹ Subsidiaries of listed enterprises if they themselves are not listed are also eligible.

shareholding of a Hong Kong/local enterprise, which in turn holds 100% shareholding of the local entity; or

(C2) a group of shareholders (natural person) and the applicant enterprise, which is 100% held by the same group of shareholders (natural person), collectively hold 100% shareholding of the local entity.

2.2.4 Local entity having other investment relationship with the applicant (enterprise) or the shareholder(s) (natural person) will usually not be considered as eligible.

2.2.5 The applicant must maintain its eligibility as set out in paragraph 2.2 upon the submission of application and throughout the period of project implementation.

2.2.6 HKPC reserves the rights to request additional documentary evidence from the applicant for assessing its eligibility and to determine whether the applicant is eligible to apply for funding under the BUD Fund.

3. APPLICATION

3.1 Application Submission

3.1.1 Each applicant can submit one general BUD, one "E-commerce Easy" and one "Easy BUD" application every three months, irrespective of whether the application is eventually approved, withdrawn or rejected. Applications for "E-commerce Easy" are accepted all the year round. Applicants should submit their applications and documents listed below through the website of the BUD Fund (www.bud.hkpc.org). Applicants should register online with their business registration number to create a user account through the e-form system on the website of the BUD Fund. Applications received will be processed by batches, usually on a quarterly basis as set out in paragraph 3.2.

3.1.2 To apply for "E-commerce Easy", the applicant should complete the designated application form for "E-commerce Easy".

3.1.3 The application form is available in English and Chinese and may be completed in either language. No application fee will be charged.

3.1.4 The following documents are required to be submitted for an application through the website of the BUD Fund:

(A) Duly completed online application form stating the company information of the applicant, information on the proposed project, including objective, methodology, schedule, budget, deliverables,

expected benefits to be brought about to the applicant and Hong Kong economy, etc.

(B) Registration and supporting documents of the applicant –

- (i) Copy of the Business Registration Certificate and the Company Registry Certificate;
- (ii) Copy of the documentary evidence showing the personal details of owners/shareholders holding 30% or more ownership (up to the ultimate level of natural persons if the applicant is held by company(ies)), e.g. Form 1(a) of the Business Registration Office, Annual Return of the Companies Registry (Form NAR1), etc.;
- (iii) Copy of the documentary evidence proving that the applicant has substantive business operations in Hong Kong (see **Annex 1** for examples of the documents that may serve as the relevant proof);
- (iv) Copy of the documentary proof of the annual sales turnover of the applicant in Hong Kong (including audited accounts) and the Chinese Mainland/ASEAN market (if business has commenced) in the previous year (not applicable to applicants established for less than one year);
- (v) Copy of the documentary evidence proving the eligible investment relationship between the applicant and the Chinese Mainland/ASEAN entity which would be involved in project implementation, e.g. valid business licence of the Chinese Mainland/ASEAN entity, processing trade contract signed between the applicant and the Chinese Mainland/ASEAN entity (only applicable to the project application which will involve the Chinese Mainland/ASEAN entity of the applicant in project implementation); and
- (vi) Promotional pamphlets/publications introducing the applicant's business/products/services.

The original copy of the above documents may be required for verification upon request.

3.1.5 Additional supporting documents would be required to be uploaded together with the application under the following scenarios:

- (A) If the applicant has to obtain specific licence/qualification/certification as a pre-requisite for successful implementation of the proposed project (e.g. specific health or safety certificate issued by the Chinese Mainland/ASEAN authorities for the import/marketing/sales of the product covered in the proposed project in the Chinese Mainland/ASEAN markets), the applicant should provide documentary evidence of having obtained the required licence/qualification/certification so as to demonstrate the viability of the e-commerce project.

- (B) If the application involves licensing of a branded product/service by the brand owner to the applicant for marketing/sales of the product/service in the Chinese Mainland/ASEAN markets, the applicant should provide a copy of the relevant licensing/agency agreement and the agreement should at least cover the whole project implementation period of the proposed e-commerce project.
- (C) If the application covers an element of brand building/promotion/development, the applicant should provide documentary evidence showing that the trademark covered in the proposed e-commerce project has not yet been registered by other entities in the Chinese Mainland/ASEAN markets and that the applicant has already started the trademark registration process in the Chinese Mainland/ASEAN markets.
- (D) If the application involves the positioning of the brand covered in the proposed e-commerce project as a "Hong Kong Brand" for marketing/sales in the Chinese Mainland/ASEAN markets, the applicant should provide documentary evidence showing that the trademark has already been registered in Hong Kong or the trademark registration process has already been started in Hong Kong.

3.1.6 The completed application form together with copies of the required supporting documents set out in paragraph 3.1.4 and if applicable, paragraph 3.1.5 should be submitted through the e-form system on the website of the BUD Fund. Applications submitted via other means such as by post, e-mail, or in person will not be accepted.

3.1.7 Acknowledgements of receipt will be sent to the applicants upon receipt of the applications by HKPC.

3.2 Application Processing

3.2.1 Applications will be processed by batches and the cut-off date for different batches of applications is usually set at the end of March, June, September and December. Applicants should pay attention to the actual cut-off date of each batch of applications which will be announced at the website of the BUD Fund (www.bud.hkpc.org). Any applications received by the HKPC after a particular cut-off date will be processed together with the next batch of applications to be received by the next cut-off date.

3.2.2 HKPC reserves the right to seek additional information/documentary proof from applicants on their submitted applications where deemed necessary. Under normal circumstances, the application would not be processed further and would be considered as withdrawn if –

- (A) the applicant has not provided sufficient information to demonstrate

that (i) it has substantive business operations in Hong Kong; (ii) its relationship with the Chinese Mainland/ASEAN entity meets the relevant requirements; (iii) it has obtained the required licence(s) or permit(s) for sales/provision of its product(s)/service(s); or

(B) the additional information/documentary proof/clarification requested by HKPC is not provided within 14 calendar days.

Unless requested by HKPC, supplementary information provided after submission of application will not be accepted and will not form part of the application. Incomplete application will not be processed and will be regarded as withdrawn cases. The applicant however may submit a new application once all the necessary documents and/or requested information are available. The new application will be subject to the same assessment procedures as set out in paragraph 4.1.

3.2.3 Applicants are expected to prepare the application on their own and have full knowledge of the applications. It is the responsibility of the applicant itself to complete an application form timely and truthfully, and to provide all supporting documents for the application. Inaccurate and incomplete information will affect the processing of application. Any falsehood, omission or misrepresentation of information may lead to rejection of applications or revocation of applications approved. The owner/shareholder/director of the applicant may be liable for any misrepresentation, false declarations and omissions, with possible legal consequences and sanctions.

3.2.4 The applicant should assign its staff members as the project coordinator and deputy project coordinator who will act as the main contact points between the applicant and HKPC after the application is lodged and throughout the project implementation period if it is approved. In this regard, the applicant should provide valid and direct contact telephone numbers and email addresses of the project coordinator and deputy project coordinator in the application form. In order to ensure the smooth implementation and completion of the project, the project coordinator or the deputy should be able to fully represent the applicant and be conversant with the operation and business processes of the applicant. The project coordinator or the deputy should not delegate the overall project leadership responsibility to any third party. At any stage of application, project implementation and monitoring, HKPC may request to meet, interview and/or visit the project coordinator and/or the deputy in person. An application may be rejected if the project coordinator and/or the deputy cannot be directly reached by the telephone numbers provided; is/are unavailable for or refuse to attend the aforementioned meeting, interview or visit in person without reasonable explanation; and/or cannot address enquiries related to the applicant and the application satisfactorily during these sessions. Please refer to paragraph 7.2 for the relevant requirements regarding their roles.

3.2.5 The applicant may write to HKPC to withdraw an application at any time

before the funding agreement is signed between the applicant and HKPC.

4. ASSESSMENT AND VETTING

4.1 Assessment Procedures

Applications received will be assessed according to the following procedures:

- (A) HKPC will conduct an initial assessment of all applications. It may seek clarification or supplementary information from the applicants in the vetting process as necessary.
- (B) An Inter-departmental Committee (IDC), comprising members from relevant government bureau/departments², will assess all applications (except those withdrawn cases) having regard to the results of the initial assessment conducted by HKPC. The IDC will formulate its recommendations on the approval or otherwise of the applications, the amount to be granted, the terms and conditions for approving the grant, etc., for consideration by the PMC. The IDC may also request HKPC to seek further clarification or supplementary information from the applicants as necessary.
- (C) The PMC, chaired by a senior government official and comprising ex-officio members, as well as non-official members drawn widely from the trade, industrial and professional sectors, will further assess all applications (except those withdrawn cases) having regard to the recommendations of the IDC. The PMC may also request HKPC to seek further clarification or supplementary information from the applicants as necessary. The PMC would decide whether the applications would be approved or rejected. An application that has been rejected may be resubmitted as a new application only if it has been revised substantially or supported by new evidence to which the comments made by the PMC in previous vetting have been addressed. The new application will be subject to the same assessment procedures as set out in paragraph 4.1.

4.2 Assessment Timetable

The actual processing time will depend on the number of applications received at the time, complexity of individual applications, completeness and clarity of the information provided, etc. Under normal circumstances, HKPC, upon consulting IDC and PMC on the assessments, will complete the processing of a valid application and notify applicants of the assessment outcome within 60 clear working days from the date after the quarterly batch cut-off date or the date when the full set of requested information/clarification has been received, whichever is the later. Applicants are reminded to submit the required documents as detailed in this Guide in a complete manner to HKPC. Failure to do so may cause delay in

² Including the Commerce and Economic Development Bureau, Cultural and Creative Industries Development Agency, Environmental Protection Department, Innovation and Technology Commission, and Trade and Industry Department.

the processing of their applications. Applicants may check the status of their submitted applications through the e-form system on the website of the BUD Fund. HKPC will inform the applicants of the outcome in writing.

4.3 Vetting Criteria

4.3.1 All applications (except those withdrawn cases) would be vetted by HKPC, IDC and PMC based on individual merits of the applications. Main guiding principles are:

- (A) the project should lead to immediate or long-term business development of the applicant enterprise in the Chinese Mainland/ASEAN markets in the specific areas of branding, upgrading and restructuring and/or domestic/promoting sales through e-commerce;
- (B) the project should have good prospects of improving the competitive advantage of the applicant enterprise or its product/service in the Chinese Mainland/ASEAN markets³;
- (C) the project should have concrete deliverables to facilitate progress monitoring and evaluation of project outcome;
- (D) the project should include solid actions for developing business in the Chinese Mainland/ASEAN markets⁴;
- (E) the project should have a reasonable budget with itemised cost breakdown and detailed justifications of costs and expenses⁵; and
- (F) the project should include clear justifications and explanation of the economic benefit that the application could generate for Hong Kong economy.

4.3.2 Favourable consideration may be given to those projects which –

- (A) are likely to achieve early success and can act as the role model for other Hong Kong enterprises;
- (B) can achieve synergy effects amongst specific area(s) of branding, upgrading and restructuring and/or domestic/promoting sales;
- (C) have multiplying effect in bringing business opportunities for other Hong Kong enterprises by making use of products/services provided by other Hong Kong enterprises in implementing the project, or creating demand for products/services provided by other Hong Kong enterprises, etc., thus benefitting the Hong Kong economy as a whole.

³ One of the considerations is whether the proposed project is, from a commercial angle, feasible and viable. For example, whether the implementation plan of the project is concrete and clear, and whether the enterprise has adequate resources and ability to implement the project. PMC members drawn widely from the trade, industrial and professional sectors will provide valuable inputs in this regard.

⁴ The proposed project should include elements targeting at the business development of the enterprise in the Chinese Mainland/ASEAN market. If the project involves measures to be implemented in Hong Kong or other areas outside the Chinese Mainland/ASEAN market, consideration will be given as to whether such measures could effectively assist the applicant enterprise in enhancing its competitiveness and furthering its business development in the Chinese Mainland/ASEAN market.

⁵ The budget of the proposed project should comply with the funding scope as set out in paragraph 1.3 and should not include unallowable costs as set out in paragraph 5.2.1.

- 4.3.3 The Government aims to ensure a balanced mix of projects covering the three areas of branding, upgrading and restructuring and domestic/promoting sales as appropriate as well as a wide range of business sectors. In the event that there is a limit on the funding available for competing applications, priority would be given to those submitted by eligible small and medium enterprises, i.e. manufacturing businesses employing fewer than 100 employees and non-manufacturing businesses employing fewer than 50 employees in Hong Kong.
- 4.3.4 If the applicant has another completed BUD Fund project for which the progress/final report and audited accounts have not been submitted to HKPC by the due date (see paragraph 6.1), or the required supporting documents/clarifications in respect of its progress/final reports have not been submitted in full, the new application will not be accepted, or it will not be processed and will be considered as withdrawn if the outstanding documents/clarifications for the completed project are not submitted within 14 calendar days or by the deadline specified by HKPC. In any event, the processing of the new application will be deferred until all the required documents/clarifications for the completed project(s) have been fully submitted. The Government reserves the right to offset the disbursed fund to be returned from the applicant for its completed/terminated project(s) from the funding to be disbursed for other approved projects of the same applicant.
- 4.3.5 The applicant may be requested to justify any budget item considered unclear/unreasonable. If a satisfactory explanation is not provided within the deadline specified by HKPC, the applicant will be required to remove the budget item and its associated cost before its application will be approved.
- 4.3.6 The Government reserves the right to reject an application on grounds including but not limited to –
- (A) a petition is presented or a proceeding is commenced or an order is made or a resolution is passed for the winding up of the applicant; or
 - (B) a false, inaccurate or incomplete statement or representation is contained in the application; or
 - (C) the applicant is in default of its obligation(s) under another grant agreement entered into with any local public funding sources whether or not in relation to the BUD Fund; or
 - (D) the applicant's business activity(ies) may be inconsistent with the HKSAR Government's public policy contravene(s) the laws and legislation of the HKSAR or those of the target market(s). A non-exhaustive list of business activities ineligible for the BUD Fund is at **Annex 3**.
- 4.3.7 HKPC and/or the Government will also consider the applicant's previous

records of BUD Fund applications and the implementation outcomes/progress for other projects of the BUD Fund when assessing its new applications. If the applicant fails to comply with other terms and conditions as stipulated in the funding agreement of a previous project, its new applications may be rejected and its future applications may be prejudiced.

- 4.3.8 The Government may review and revise the above vetting criteria from time to time as appropriate. The most updated vetting criteria would be available at the website of the BUD Fund (www.bud.hkpc.org).

4.4 Avoidance of Conflict of Interest

To avoid conflict of interest, non-official members of the PMC who are directly or indirectly related to an application will be required to declare his/her interests. Where considered appropriate, the Chairman may request members concerned to refrain from participating in the consideration of or discussion on the relevant application. After the submission of applications, applicants should avoid approaching the non-official members of the PMC to discuss their applications with a view to affecting their impartiality of advice. The composition of the PMC can be found at the website of the BUD Fund (www.bud.hkpc.org).

4.5 Notification of Results

- 4.5.1 HKPC will notify the applicant of the assessment result once the PMC has made the decision having regard to the recommendation of the IDC. The reasons of rejection will be stated in the notification if the application is declined.
- 4.5.2 An initial approval-in-principle will be given to the successful applicant. The successful applicant may be required to revise the project proposal in the application form to fulfil the conditions for approval set by the PMC, if any. The project proposal (as included in the application form) approved by the PMC (hereafter referred to as "Approved Project Proposal") and this Guide will be appended to and form part of the funding agreement to be signed between the applicant and HKPC as referred to in paragraph 7.1. Failure to fulfil the conditions for approval by the deadline specified by HKPC will result in the lapse of the approval-in-principle or rejection of the applications.

4.6 Revocation of Approval

- 4.6.1 The Government reserves the right to revoke the approval (including approval-with-condition) of an application. Circumstances which warrant such revocation may include, but not limited to, the presence of evidence that the applicant no longer meets the eligibility or funding requirements, does not have sufficient ability to carry out the proposed project, or would not be able to comply with the terms and conditions of

the funding agreement.

5. FUNDING ARRANGEMENT/FINANCIAL MANAGEMENT

5.1 Disbursement of Grant

5.1.1 Applicants can choose whether to receive initial payment for their approved projects. Depending on the project duration, the arrangement for disbursement of fund is as follows:

Payment Option	Project Duration	Number of Installments	Initial payment (% of total approved Government funding)	Mid-term payment (% of total approved Government funding)	Final payment (% of total approved Government funding)
Initial payment required	Up to 24 months	2	20%	Not applicable	Balance of approved Government funding *#
Initial payment not required	18 months or below	1	Not Applicable	Not applicable	Balance of approved Government funding *
	More than 18 months and up to 24 months	2	Not Applicable	50% at maximum, subject to project progress and actual total allowable project expenditure @	Balance of approved Government funding *

* Subject to the recognisable total project expenditure on project completion.

The applicant would have to return any excess payment if the initial payment disbursed exceeds the recognisable funding amount determined by the PMC.

@ In the event that the total recognisable expenditure for the first 12 months of the project period exceeds the adjusted budget of the same period, the total recognisable expenditure will be capped by the adjusted budget in calculating the amount of mid-term payment.

5.1.2 For an applicant who opts to receive initial payment, the initial payment for an approved project will only be made to the applicant after the signing of the funding agreement mentioned in paragraph 7.1. As mentioned in paragraph 5.1.1, applicants may opt not to receive initial payment.

5.1.3 Mid-term payment will be made to the applicant on a reimbursement basis only if the duration of the project is over 18 months and the applicant opts not to receive initial payment, and when the following report and audited accounts are accepted by the PMC:

(A) the progress report of the project as mentioned in paragraph 6.1; and

- (B) the annual audited accounts on the income and expenditure of the project covering the first 12 months of project implementation as mentioned in paragraph 5.5.1.

The actual amount of the mid-term payment will be determined by the PMC having regard to the progress and actual total allowable expenditure of the project against the approved project schedule and budget, and in any event no more than 50% of the total approved funding borne by the Government. The actual total allowable expenditure of the project is subject to the budget caps of the expenditure items as detailed at **Annex 4**. Those actual expenditures expended beyond the budget caps of the relevant expenditure items will not be counted as recognisable project expenditures and hence will not be taken into account in calculating the amount of mid-term payment to be disbursed to the applicant. In the event the total recognisable expenditure for the first 12 months of the project period exceeds the adjusted budget of the same period, the total recognisable expenditure will be capped by the adjusted budget in calculating the amount of mid-term payment.

- 5.1.4 Final payment will be made to the applicant on a reimbursement basis when the following report and audited accounts are accepted by the PMC:

- (A) the final report of the project as mentioned in paragraph 6.1; and
- (B) the final audited accounts on the income and expenditure of the project from project commencement date to project completion date as mentioned in paragraph 5.5.1.

The actual amount of the final payment will be determined by the PMC having regard to the recognisable total project expenditure on project completion. If the recognisable funding amount determined by the PMC is less than the initial payment disbursed to an applicant, the Government will request the return of the excess payment by the applicant.

- 5.1.5 If the applicant fails to comply with the terms and conditions stipulated in the funding agreement, the Government may withhold disbursement of any part of funding support to the applicant and/or request return of the disbursed funding in full or in part from the applicant. Under such circumstance, HKPC will inform the applicant of the decision and its reason.
- 5.1.6 The applicant is not entitled to charge any interest or claim any compensation or relief of whatsoever nature against HKPC or the Government for any payment made on a reimbursement basis or in the event of any withholding of payment for any reason whatsoever.
- 5.1.7 The applicant is required to maintain a bank account as required in paragraph 5.3 below for the purpose of processing all receipts and payments of the project. The applicant is also required to keep proper

and separate books and records for expenses incurred under the project as required in paragraph 5.4 below. The opening of a designated "bank account" for the project is not necessary.

5.2 Budget of the Project

5.2.1 Expenditure

(A) Scope of funding

Each application has to be supported by a detailed budget with itemised breakdown of expenditures. The applicant should ensure that sufficient details have been included in the application to justify the expenditure items and their respective budgets, or else the items may not be funded.

Only costs directly incurred for the proposed e-commerce project should be included in the budget.

Details about the expenditure items that may be funded under "E-commerce Easy" are at **Annex 4**.

(B) Expenditure that will not be funded

As a matter of principle, funding provided by the Government should not be used to fund the normal operating expenses of the applicant.

A list of expenditure items which will not be funded under "E-commerce Easy" (hereafter referred to as "unallowable costs") is at **Annex 5**. Unless otherwise expressly approved by the Government, the funding provided by the Government should not be used to cover those unallowable costs.

The Government may review and revise the funding scope and unallowable costs as set out in (A) & (B) above from time to time as appropriate. The most updated funding rules would be available at the website of the BUD Fund (www.bud.hkpc.org).

5.2.2 Contribution from the Applicant

The applicant shall be responsible for at least 75% of the total approved project expenditure in cash. The audit fee is also subject to the same contribution level as part of the applicant's financial responsibility. Please refer to paragraph 1.4.2.

5.3 Account

- 5.3.1 The successful applicant is required to maintain under its name a bank account with a bank licensed under Section 16 of the Banking Ordinance (Cap. 155) for the purpose of processing all receipts and payments of the project. All project funds (the Government funding under the BUD Fund disbursed by HKPC and cash contribution by the applicant) should be deposited into the bank account. All payments exclusively applied to the project for which they are paid shall be paid out from the bank account. All project funds shall be kept in the bank account by the applicant until such funds are spent (paid) in compliance with the funding agreement or returned to the Government via HKPC by the applicant in accordance with the funding agreement.
- 5.3.2 The applicant is required to keep proper and separate books and records for expenses incurred under the project as required in paragraph 5.4 below.

5.4 Books and Records

- 5.4.1 The applicant shall keep a proper and separate set of books and records for the project. The books and records shall be maintained in such a manner so as to enable the production of statement of income and expenditure (items in the same format as shown in the "Project Expenditure" section of the Approved Project Proposal) and balance sheet in respect of each project. All transactions relating to the project shall be properly and timely recorded in its books of accounts.
- 5.4.2 Accrual basis of accounting shall be adopted for the project. Expenditure can only be charged to the project account after the equipment and goods have been received or services delivered. Accordingly, prepayments or deposits will not be recognised as expenditures for charging to the project account unless and until the equipment and goods have been received or services delivered. Moreover, the expenditure so charged shall be incurred within the project duration only. All receipts and expenditure of the project, including the grant by the Government and contribution by the applicant shall be fully and properly recorded in the books and records in accordance with the funding agreement, and all requirements, instructions and correspondences issued by HKPC or the Government in respect of the project.
- 5.4.3 The applicant is required to maintain, during the continuance of the funding agreement and for a minimum of seven years after the completion of the project or the expiry or termination of the funding agreement, full and proper books of accounts and records of the project (including receipts, counterfoils, vouchers, quotations and tendering documents and other supporting documents). In this connection, HKPC, the Government and their authorised representatives shall be allowed access to all or any of the books and records for conducting audit, inspection, verification and copying from time to time upon reasonable notice of such books and records at any time when such books and records are kept. When so requested in this connection, the applicant will be obliged to make

available all project books of accounts and records and explain to HKPC, the Government and their authorised representatives any matters relating to the receipt, expenditure or custody of any money derived from the project. The Government reserves the right to require the applicant to return any mis-spent amount together with the interest income accrued to the Government.

5.5 Financial Reports

5.5.1 The successful applicant will be required to submit the following financial reports to HKPC:

- (A) For projects with implementation period not exceeding 18 months, final audited accounts from the project commencement date to the project completion date or the expiry or termination date of funding agreement (together with the final report as set out under paragraph 6.1) not later than two months after project completion or the expiry or termination of the funding agreement, whichever is earlier.
- (B) For projects with implementation period exceeding 18 months,
 - (i) annual audited accounts (together with the progress report as set out under paragraph 6.1) covering the first 12 months starting from the project commencement date within one month after the relevant 12-month period; and
 - (ii) final audited accounts from the project commencement date to the project completion date or the expiry or termination date of funding agreement (together with the final report as set out under paragraph 6.1) not later than two months after project completion or the expiry or termination of the funding agreement, whichever is earlier.

The audited accounts shall contain all receipts and receivables including the funds granted by the Government under the BUD Fund, contribution by the applicant and payments for the project. The audited accounts shall also comprise Statement of Income and Expenditure, a Balance Sheet, Notes to the Accounts and the Auditors' Report. The accounts of a project shall be properly prepared from and in agreement with the books and records of the project.

Late submission of the audited accounts may lead to suspension or termination of the funding support for the project.

Any record of mishandling of public funds or lack of discipline in financial management or any breach of the funding agreement by an enterprise will be taken into account by the PMC in considering future applications from the same enterprise or the project team. Any such record may prejudice that enterprise's future applications under the BUD

Fund.

5.5.2 Auditing requirements

To ensure that the project funds have been solely and properly applied to the projects and expended/received in accordance with the "Project Expenditure" section of the Approved Project Proposal, the required accounts shall be audited by an independent auditor who must be a practice unit registered under the Accounting and Financial Reporting Council Ordinance (Cap. 588) (the Auditors).

The applicant shall specify in the engagement letter for the employment of the Auditors that they shall strictly follow the requirements stipulated in the latest version of the "Notes for Auditors of Funded Enterprises" issued by HKPC (which can be downloaded from the website of the BUD Fund (www.bud.hkpc.org) in conducting audits and preparing auditors' report for each project. The engagement letter shall also specify that HKPC, the Government and their authorised representatives shall have the right to communicate with the Auditors on matters concerning the project accounts and the supporting statements. In conducting the audits, the Auditors should comply with the relevant Standards and Statements of Professional Ethics issued and updated from time to time by the Hong Kong Institute of Certified Public Accountants. In the audited accounts, the Auditors are required to express an audit opinion as to whether the applicant and the accountants of the project have complied, in all material respects, with all the requirements set out in the Notes and to make full disclosure of any material non-compliance.

5.6 Procurement Procedures

The applicant enterprise shall make reference to the guidelines of the Independent Commission Against Corruption (ICAC)⁶ and Competition Commission (CC)⁷ in preparing the quotation/tender invitation document. In particular, the applicant enterprise should (i) ensure that: a probity clause, an anti-collusion and anti-bid-rigging clauses are included in the quotation/tender invitation document; and (ii) where appropriate request bidder/tenderer to sign a confirmation on compliance when submitting quotation/tender. Templates for (i) and (ii) are at **Annex 6**.

The applicant shall exercise the utmost prudence in procuring equipment, goods or services for the project and must adhere to the following procedures unless the Government agrees otherwise:

- (A) for every procurement or lease of equipment, goods or services in relation to or for the purposes of the project, the aggregate value of which does not

⁶ The ICAC has published a booklet "Strengthening Integrity and Accountability – Government Funding Schemes Grantee's Guidebook" providing applicant enterprises with a practical set of guidelines in utilising the funds, including sample of probity clause and anti-collusion clause. Softcopy of the Guidebook is available on ICAC's website (http://www.icac.org.hk/filemanager/en/Content_1031/GranteeBPC.pdf). Applicant enterprises are advised to make reference to the best practices in the Guidebook in utilising government funds and contact the Corruption Prevention Advisory Service of ICAC (Tel: 2526 6363) for any questions concerning the Guidebook or if they need any corruption prevention advice.

⁷ The CC has published the "Getting the most from your tender" brochure providing enterprises with a practical set of guidelines in ensuring an open and effective tendering process by preventing and detecting possible bid-rigging cartels. Softcopy of the brochure is available on CC's website (https://www.compcomm.hk/en/media/reports_publications/files/CC_Getting_Most_from_Tender_Jun2018_EN.pdf). Applicant enterprises are advised to contact the CC (Tel: 3462 2118) for any questions concerning the brochure.

exceed HK\$5,000, the applicant is not required to provide written quotation, but the selection of the suppliers, service providers, contractors or lessors must be endorsed by the Project Coordinators in writing;

- (B) for every procurement or lease of equipment, goods or services in relation to or for the purposes of the project, the aggregate value of which is over HK\$5,000 but does not exceed HK\$50,000, the applicant shall invite quotations in writing from at least two suppliers, service providers, contractors or lessors and accept the lowest conforming bid. Full justifications must be given if less than two suppliers, service providers, contractors or lessors could be identified from the market. If the lowest conforming bid is not selected, prior written consent must be obtained from HKPC and full justifications shall be given;
- (C) for every procurement or lease of equipment, goods or services in relation to or for the purposes of the project, the aggregate value of which is over HK\$50,000 but does not exceed HK\$300,000, the applicant shall invite quotations in writing from at least three suppliers, service providers, contractors or lessors and accept the lowest conforming bid. Full justifications must be given if less than three suppliers, service providers, contractors or lessors could be identified from the market. If the lowest conforming bid is not selected, prior written consent must be obtained from HKPC and full justifications shall be given;
- (D) for every procurement or lease of equipment, goods or services in relation to or for the purposes of the project, the aggregate value of which is over HK\$300,000 but does not exceed HK\$1.36 million, the applicant shall invite quotations in writing from at least five suppliers, service providers, contractors or lessors and accept the lowest conforming bid. Full justifications must be given if less than five suppliers, service providers, contractors or lessors could be identified from the market. If the lowest conforming bid is not selected, prior written consent must be obtained from HKPC and full justifications shall be given; and
- (E) for every procurement or lease of equipment, goods or services in relation to or for the purposes of the project, the aggregate value of which exceeds HK\$1.36 million, the applicant shall use open and competitive tender procedures and accept the lowest conforming bid. The applicant shall make use of the public channels that are easily accessible by the general public to publicise the tender notices. If the lowest conforming bid is not selected, prior written consent must be obtained from HKPC and full justifications shall be given.

Unless prior written approval from the Government is obtained, the applicant or any person authorised by the applicant to call for or in any way involved in the quotation or tender exercise shall not participate in the bid itself.

5.7 Avoidance of Conflict of Interest in Engaging Service Providers and Contractors

In engaging service providers/contractors for implementing the projects approved under "E-commerce Easy", the applicant should not engage a service provider/contractor, where the owners, shareholders, management, employees of which are the owners, shareholders, management, employees of the applicant enterprise or their relatives.

5.8 Risk and Title to Equipment

The full legal and equitable title and interest in any piece of the equipment funded under the BUD Fund shall vest with the applicant. The risk in the equipment (e.g. loss, damages, liabilities, etc.) shall be also borne by and remain with the applicant.

5.9 Return of Residual Funds

Upon the expiry or termination of the funding agreement or the completion of the project, whichever is earlier, the applicant shall return to the Government via HKPC any residual funds⁸ within one month after approval of the final audited accounts of the project by the PMC, and provide any accounting thereof.

HKPC or the Government may initiate legal action for suitable remedies in case of delay in the return of residual funds to the Government via HKPC. In addition, any such record of delay in the return of residual funds may prejudice that enterprise's future applications under the BUD Fund.

6. REPORTING REQUIREMENT

6.1 Progress/Final Reports

6.1.1 To facilitate the monitoring and evaluation of approved projects, the applicant will be required to submit reports to HKPC for review. Depending on the project duration, the arrangement for the submission of reports as well as the audited accounts mentioned in paragraph 5.5.1 is as follows:

Project Duration	Submission of Progress Report and Annual Audited Accounts	Submission of Final Report and Final Audited Accounts
18 months or below	Not required	Within two months upon project completion

⁸ Residual funds means the unspent balance of the Government's funding disbursed for the project as defined in the funding agreement signed between the applicant and HKPC.

More than 18 months and up to 24 months	Progress report and annual audited accounts for the first 12 months, to be submitted within one month after the relevant 12-month period	Within two months upon project completion
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- 6.1.2 Grantees of projects with duration over 18 months are required to submit progress reports (and annual audited accounts as referred to in paragraph 5.5.1) to HKPC through the e-form system on the designated website of the BUD Fund covering the period from project commencement date to the first 12 months of the project period within one month after the relevant 12-month period. The progress report should include the project details and project implementation status against the project implementation plan, expected project deliverables and approved project expenditure as at the first 12 months of project period as set out in the Approved Project Proposal appended to the funding agreement. The grantee should provide supporting documents and annual audited accounts together with the progress report. The progress reports should be submitted by the project coordinator or deputy project coordinator and endorsed by the senior management of the applicant.
- 6.1.3 Grantees of all approved projects are required to submit final reports (and final audited accounts as referred to in paragraph 5.5.1) to HKPC through the e-form system on the designated website of the BUD Fund covering the period from project commencement date to the project completion date or the termination date of the funding agreement within two months after project completion or termination of the funding agreement. The final report should include the project details and project implementation status against the project implementation plan, expected project deliverables and approved project expenditure as set out in the Approved Project Proposal appended to the funding agreement. The grantee should provide supporting documents and final audited accounts together with the final report. The final report should be submitted by the project coordinator or deputy project coordinator and endorsed by the senior management of the applicant.
- 6.1.4 HKPC will review the project progress and evaluate the project results by comparing the project progress/deliverables reported in the progress/final reports against its implementation plan and deliverables as set out in the Approved Project Proposal appended to the funding agreement. The applicant should immediately provide clarification and additional information on the contents of the progress/final report upon request of HKPC and/or the Government. HKPC may conduct on-site checks to verify the project progress and results for individual projects. HKPC and the Government have the right to request access to any information related to the project.

- 6.1.5 All progress and final reports will be submitted to the IDC for assessment, and thereafter to the PMC for consideration and acceptance. Late submission of the progress/final reports may lead to suspension or termination of the funding support for the project, and may prejudice the applicant's new applications.

6.2 Report Resubmissions

- 6.2.1 In case a progress/final report is rejected by the PMC, the applicant should resubmit the progress/final report within one month after the relevant notification by HKPC.
- 6.2.2 If a progress/final report is rejected twice, the applicant may not resubmit the report(s) and funding may be curtailed. The applicant may also be required to return to the Government via HKPC the funding that has already been disbursed by HKPC in respect of the project.

7. ADMINISTRATIVE HIGHLIGHTS

7.1 Contractual Requirements

- 7.1.1 The successful applicant is required to sign a funding agreement with HKPC and to comply with all the terms and conditions of the agreement, this Guide and the instructions and correspondences issued by HKPC or the Government from time to time in respect of the project or the BUD Fund. The PMC reserves the right to consider lapsing the approval decision in case where the applicant fails to sign the funding agreement with HKPC for a prolonged period of time without justifications deemed acceptable by HKPC.
- 7.1.2 The project duration for all projects can start from a date before the project is approved by the PMC and before the funding agreement is signed but after the date of submission of application⁹, subject to the PMC's approval of the application. All relevant expenditure incurred as early as after the date of submission of application to HKPC can be recognised and funded, provided that the measure was within the project duration and included in the project proposal approved by the PMC. The costs incurred outside the project duration would not be funded.

7.2 Appointment of Project Coordinators

The successful applicant is required to appoint its staff members to act as the project coordinator and the deputy project coordinator for overseeing the implementation of the project, monitoring the proper use of funds in accordance with the "Project Expenditure" section of the Approved Project Proposal, terms

⁹ The submission date of application is according to HKPC's confirmation of receipt date of application form and required documents.

and conditions of funding agreement, exercising economy and prudence in the use of funds, liaising with HKPC, arranging on-site check conducted by HKPC and attending meetings on the project as necessary.

7.3 Prior Approval Requirements

- 7.3.1 An approved project has to be carried out strictly in accordance with the funding agreement. Any modification, amendment or addition to the project or the funding agreement, including but not limited to change of project period, project scope, budget, implementation plan, deliverables or replacement of the project coordinator or deputy project coordinator, shall require prior written approval by HKPC or the PMC before implementation of the proposed change. Otherwise, the budget of the relevant project measures will be removed and the expenses will not be recognised.
- 7.3.2 Requests for the changes should be submitted through the e-form system on the designated website of the BUD Fund. HKPC reserves the right to seek additional information or supporting documents from grantees on their submitted requests where deemed necessary. Under normal circumstances, the request would not be processed further and would be rejected if the additional information or supporting documents is not provided to HKPC within 14 calendar days.

7.4 Suspension or Termination of Funding Support

The Government reserves the right to suspend or terminate, after consultation with the IDC and the PMC, funding support for an approved project. Circumstances which warrant suspension or termination of funding support may include but not limited to a lack of satisfactory progress or a slim chance of completion of a project, failure to submit progress/final reports or audited accounts within the stipulated deadlines or produce documentary evidence to the satisfaction of HKPC showing such payment, non-acceptance of those reports/accounts by the PMC, a breach of the terms and conditions of the funding agreement, the applicant has engaged or is engaging in acts or activities that are likely to constitute or cause the occurrence of offences endangering national security or which would otherwise be contrary to the interest of national security, the continued provision of funding support for an approved project is contrary to the interest of national security, or if the PMC and the Government sees fit to terminate the project in public interest. The applicant may have to return all/part of the Government funding disbursed in respect of these projects together with all administrative, legal and other related costs and payments (regardless of whether the applicant has already spent the funds or not).

Once a project is suspended or terminated, the applicant will not be entitled to the receipt of Government funding under the BUD Fund and any cost incurred in the project after suspension and termination of Government funding will be solely borne by the applicant himself.

7.5 Intellectual Property Rights

Applicants will hold all the intellectual property rights arising from the results of the projects approved under the BUD Fund.

7.6 Participation in Publicity and Promotional Activities

Successful applicants may be required to share the experience gained in implementing the projects approved under the BUD Fund with other enterprises. They may be required to participate in the publicity and promotional activities of the BUD Fund when being invited by HKPC or the Government to share their experience gained in the projects. These activities may include seminars, workshops, conferences, exhibitions, etc., as well as site visits to the successful applicants as arranged by HKPC or the Government. The successful applicants may also need to contribute inputs/materials for publication via printed/electronic channels to share their experience when being requested by HKPC or the Government. The successful applicants cannot charge fees on HKPC or the Government for participating in these activities or contributing such inputs/materials for publication. HKPC and/or the Government may also publicise the details of approved project for public information.

7.7 Acknowledgement of Funding Support and Disclaimer

Successful applicants are allowed to publicise their implementation of the projects funded under the BUD Fund and the project results on their own initiatives through publications, seminars, workshops, conferences, exhibitions, site visits, etc. with prior notice to HKPC. Acknowledgement of funding support under the BUD Fund or the logo of the BUD Fund (in the format as specified by HKPC) must appear on all equipment, facilities, publicity/media events or in publications related to a project funded under the BUD Fund.

The following disclaimer should also be included in any publications and publicity/media events related to a project funded under the BUD Fund:

"Any opinions, findings, conclusions or recommendations expressed in this material/event (or by members of the Project team) do not reflect the views of the Government of the Hong Kong Special Administrative Region or the Programme Management Committee of the Dedicated Fund on Branding, Upgrading and Domestic Sales."

7.8 Assignment

Unless prior written approval from the Government is obtained, the applicant shall not assign, transfer, sub-contract or otherwise dispose of any or all of its interests, rights, benefits or obligations under the funding agreement. Residual funds⁸ shall be returned to the Government via HKPC upon assignment, transfer, disposal or termination of the project.

7.9 Handling of Information

HKPC and the Government are committed to ensuring that all personal data

submitted under various applications are handled in accordance with the relevant provisions of the Personal Data (Privacy) Ordinance (Cap. 486) ("PDPO"). In this regard, the personal data provided in relation to applications made under the BUD Fund will be used by HKPC, the Government or their authorised agents for activities relating to:

- (A) the processing and authentication of applications for funding support, payment of Government funding under the BUD Fund and any refund thereof; and
- (B) statistics and research.

The personal data that the applicants provided in their applications will be kept in confidence provided that such obligations and restrictions shall not apply to any disclosure which is necessary for the purposes mentioned in the paragraph above, or any disclosure which is authorised or required by law, or any disclosure which is given by the applicant/data subject.

If necessary, HKPC will contact other government departments and relevant parties to verify the personal data provided in the applications with those held by them for the purposes mentioned in the paragraph above.

Applicants/data subjects whose personal data are collected by HKPC may request access to them under the PDPO. A charge will be made to cover the cost of photocopying the data supplied. In addition, if the data subject considers that the data supplied to HKPC is inaccurate, a request for correction of the personal data may be made in writing after a data access request has been made. Requests for access to personal data submitted under various applications under BUD Fund can be made in writing on the Data Access Request Form (No. OPS003 issued by the Privacy Commissioner), which is available at HKPC.

7.10 Indemnity

The applicant shall indemnify and keep each of HKPC, the Government, their employees and authorised persons fully and effectively indemnified against (i) all actions, claims (whether or not successful, compromised, settled, withdrawn or discontinued) and demands threatened, brought or established against HKPC and/or the Government and (ii) all costs (including all legal fees and other awards, costs, payments, charges and expenses), losses, damages and liabilities suffered or incurred by the Government, which in any case arise directly or indirectly in connection with, out of or in relation to a breach of the duty of confidence under general law, the use of any personal data in contravention of the PDPO, any breach of the funding agreement by the applicant, the wilful, misconduct, default, unauthorised act or wilful, omission of the applicant, or any allegation or claim that the use, operation or possession of the project results or the exercise of any rights granted under the funding agreement infringes any intellectual property rights of any persons.

7.11 Prevention of Bribery

The applicant shall observe the Prevention of Bribery Ordinance (Cap. 201) ("PBO") and shall procure that its project team, directors, employees, agents, consultants, contractors and other personnel who are in any way involved in the project shall not offer to or solicit or accept from any person any money, gifts or advantages (as defined in the PBO) in relation to the project.

The offer of an advantage to HKPC or any member of the IDC or the PMC with a view to influencing the approval of an application is an offence under the PBO. Any such offer by the project team, directors, employees, agents, consultants, contractors and other personnel who are in any way involved in the project will render the application null and void. The Government may also cancel the application approved and hold the applicant liable for any loss or damage which the Government may sustain.

7.12 Compliance with Hong Kong Laws

The applicant shall comply with all applicable laws (including the Law of the People's Republic of China on Safeguarding National Security in the Hong Kong Special Administrative Region), regulations and by-laws of Hong Kong in carrying out the project.

8. ENQUIRIES

Enquiries regarding the BUD Fund can be addressed to HKPC, the implementation partner of the BUD Fund:

Address: HKPC Building, 78 Tat Chee Avenue,
Kowloon, Hong Kong
Telephone: (852) 2788 6088
Fax: (852) 3187 4525
E-mail: bud_sec@hkpc.org
Website: www.bud.hkpc.org

November 2025

Annex 1

The Requirement of Substantive Business Operations in Hong Kong

When considering whether the applicant enterprise has substantive business operations in Hong Kong, various factors will be considered, such as:

- Nature of the business operations in Hong Kong¹⁰
- size/extent/percentage of the business operation in Hong Kong
- investment amount in Hong Kong
- number of employees in Hong Kong
- information of customers/clients
- year of establishment
- whether profits are tax assessable in Hong Kong
- information/assessment issued by relevant financial and professional organisations

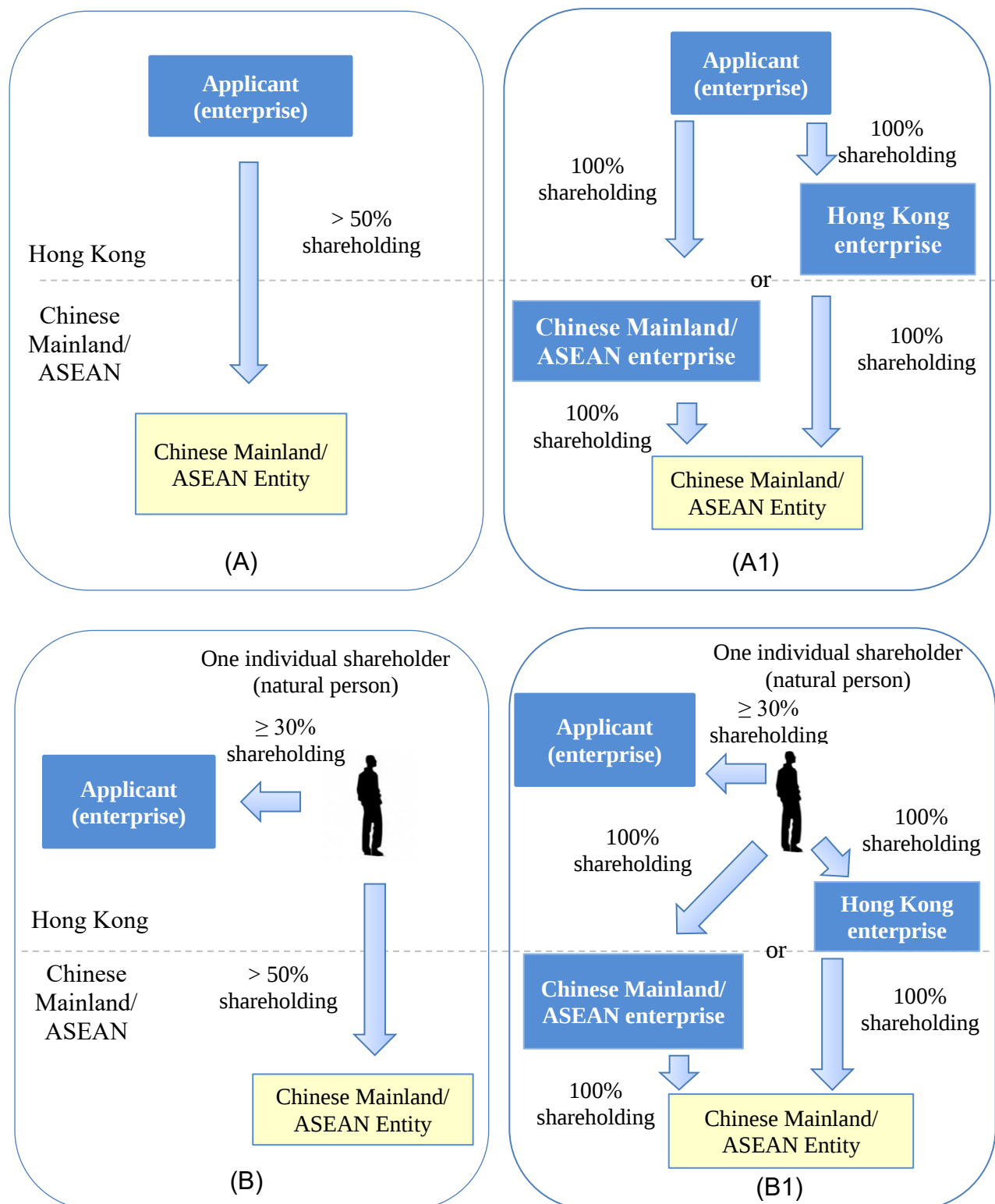
To facilitate the assessment on whether the enterprise has substantive business operations in Hong Kong, the applicant has to submit documentary proof to HKPC through the website of the BUD Fund for consideration, examples of documents are as follows:

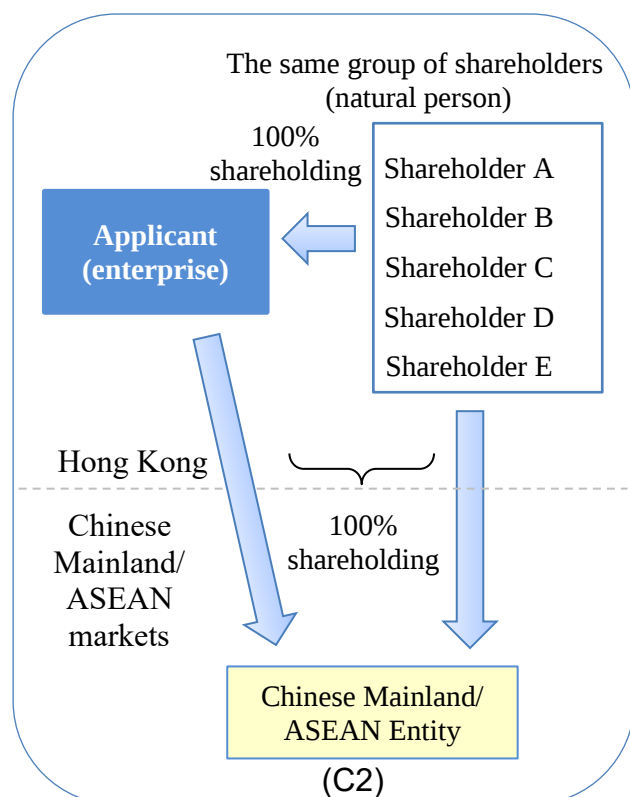
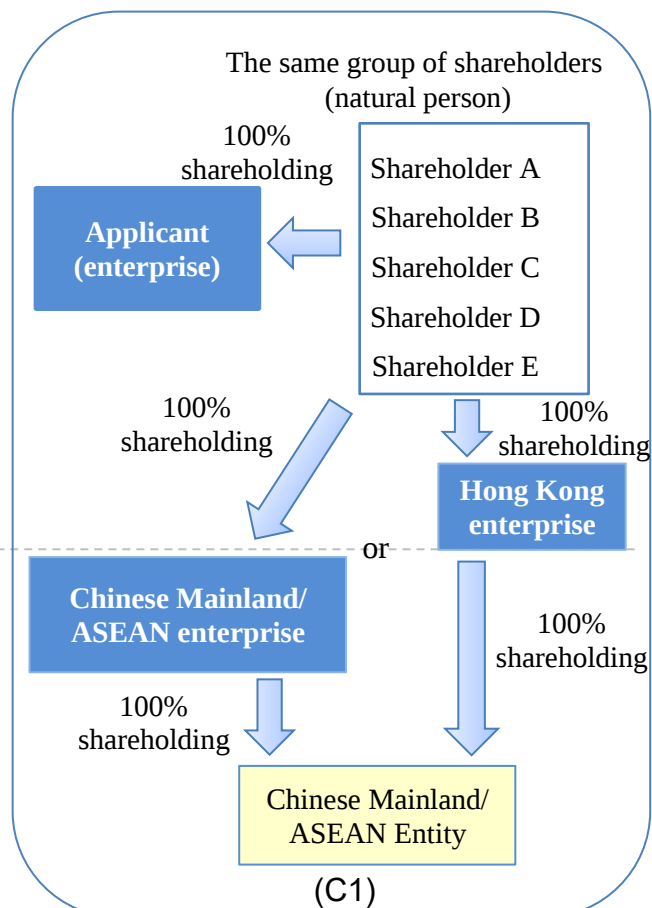
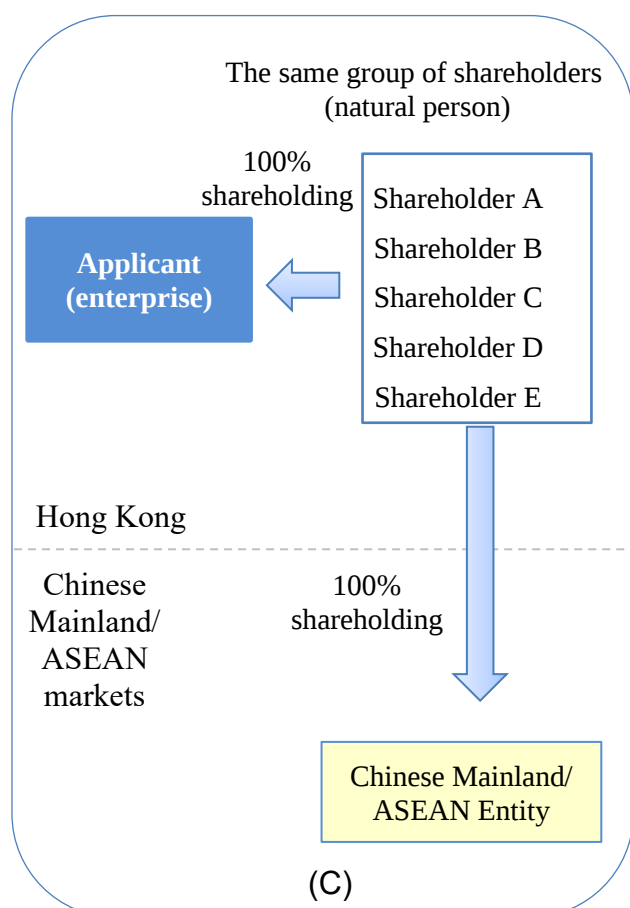
Applicant's Information	Examples of Documents
Business Operations	Commercial contracts, invoices, receipts, quotation documents, freight forwarding documents, bank records, records of purchase/sales of goods, office tenancy, water/electricity bills
Financial Information	Latest audited accounts, financial report, monthly bank statements, Profit Tax Returns and taxation assessment issued by the Inland Revenue Department
Information of Employees	Mandatory Provident Fund records or approved retirement plan records, employees' employment contract, salary payment record, staff identity documents

As mentioned in paragraph 2.2.6, HKPC reserves the rights to request additional documentary evidence from the applicant for assessing its eligibility and to determine whether the applicant is eligible to apply for funding under the BUD Fund.

¹⁰ If an applicant enterprise engages in sales transactions only with an entity/entities of the same group (consisting the parent and its subsidiary/subsidiaries), such business operations will **not** be considered as having substantive business operations in Hong Kong.

Eligible Investment Relationship of Chinese Mainland/ASEAN Entity of the Applicant





Business activities not eligible under BUD Fund

Business activities of applicant enterprises must neither be inconsistent with the HKSAR Government's public policy nor contravene the laws and legislation of the HKSAR or those of the target market(s). Examples of business activities that will not be funded include:

- tobacco and alternative smoking products, and related accessories (such as e-cigarettes, capsules, heat sticks, herbal cigarettes, and filters);
- dangerous drugs (such as CBD products, etomidate, stimulants, hypnotics);
- party drugs (such as cannabis);
- weapons and prohibited items (such as spring-loaded knives, air guns, and electric shock devices);
- endangered species of animals and plants and related products (such as ivory trade and shark fin); and
- gambling operations.

This list is non-exhaustive. The Government reserves the right, at its discretion, to determine the eligibility of business activities at any time.

Annex 4

Expenditure Items that may be funded under "E-Commerce Easy"

Each application has to be supported by a detailed budget with itemised breakdown of expenditure directly incurred for the purpose of the project. The following expenditure items directly incurred for the project may be funded.

Expenditure Item	Details
Costs for Establishment of Online Sales Platform	- Costs for designing and establishing online sales platform, including account registration fee/joining fee; - Platform storefront design and production fees; and - Management fee for the newly established online store, covering official service fee payable to third-party platform and service charge payable to other operators for online customer service/online shop promotion planning/data analysis, etc. may be funded for a period not exceeding six months.
Cost for Placing Advertisements on Commercial Media	Advertising costs directly related to the promotion of the applicant enterprise's e-commerce business, including: - the related management fee (for a period not exceeding six months); - expenses incurred for placing advertisements on commercial advertising media (e.g. third-party online sales platform and social media), including service fee for advertisement on online sales platform/search engine marketing/traffic acquisition, etc.; - Search Engine Optimisation/Search Engine Marketing (SEO/SEM); and - engagement of ambassador/key opinion leader (KOL) and the related costs, including engagement fee, image design fee and production fee (e.g. photographing/filming fee).
Cost for Development or Enhancement of Mobile Applications	- Development of new mobile application; - Enhancement of existing mobile application; and - Development/setting up of mini programme on third-party mobile application.
Cost for Development or Enhancement of Company Website	- Development of new company website; and - Enhancement of existing company website (such as adding online payment function).
Cost for other e-commerce related Project Measure(s)	- Production of promotional video(s)/photo(s) for uploading on multiple platforms for promoting the applicant's e-commerce business.
External Audit Fee	- The external audit fee for approved project is capped at

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	HK\$10,000 per audit ¹¹ .
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Annex 5

Expenditure Items that will not be funded under "E-commerce Easy"

Expenditure Item	Details/Examples
Relevant Costs for Establishment of Online Sales Platform	- Deposit for establishing online store on third-party online sales platform, commission-based service fee and slotting fee payable to third-party platforms, etc. - Management fee for an online store already set up, covering official service fee payable to third-party platform and service charge payable to other operators for online customer service/online shop promotion planning/data analysis, etc.
Cost for Advertising	- Expenses involving live-streaming sales/promotional articles on social media platforms charged on a commission basis, advertising fee charged by third-party online sales platform on a commission basis, etc.

¹¹ For projects with implementation period not exceeding 18 months, only one final audited accounts are required to be submitted. For projects with implementation period exceeding 18 months, one annual audited account to cover the first 12 months of the project period and one final audited account to cover the whole project period (i.e. two audited accounts in total) are required to be submitted. Cost per external audit shall not exceed HK\$10,000 and funding shall be subject to 1 (Government) : 3 (enterprise) matching ratio..

Annex 6

**Quotation Invitation to Supplier and Confirmation Form by Supplier
(Regarding Probity, Anti-collusion and Anti Bid-Rigging Requirements)**

(Name of Procurer, i.e., BUD Fund Grantee) at:

(Address of Procurer)

(Date)

To:

(Name of Supplier)

(Fax no:)

Dear Sirs / Madams,

Invitation for
the
quotation/tender
of

:

(Description of
Goods/Services Required)

In relation to the captioned quotation/tender, you are reminded that Supplier must abide by the following requirements:

PROBITY

- (1) By submitting a quotation/tender, the Supplier represents and warrants that it shall not, and shall procure that his directors, employees, agents and sub-contractors shall not, offer, solicit or accept an advantage as defined in the Prevention of Bribery Ordinance (Cap. 201), in connection with the quotation/tender and execution of the contract.
- (2) Failure to so procure or any act of offering, soliciting or accepting advantage referred to in (1) above committed by the Supplier or by a director, employee, agent or sub-contractor of the Supplier shall, without affecting the Supplier's liability for such failure and act, result in his quotation/tender being invalidated.
- (3) The Procurer shall report all suspected instances of corruption to the Independent Commission Against Corruption.

ANTI-COLLUSION AND ANTI BID-RIGGING

- (1) By submitting a quotation/tender, the Supplier represents and warrants that in relation to the invitation of quotation/tender:
 - (i) it will make reference to the Guidelines of Independent Commission Against Corruption and Competition Commission;
 - (ii) it has not communicated and will not communicate to any person other than the Procurer the amount of any quotation/tender price;
 - (iii) it has not fixed and will not fix the amount of any quotation/tender price by arrangement with any person;
 - (iv) it has not made and will not make any arrangement with any person as to whether it or that other person will or will not submit a quotation/tender;
 - (v) it has not otherwise colluded and will not otherwise collude with any person in any manner whatsoever in the quotation/tender process; and
 - (vi) it will notify and seek prior approval from the Procurer of all subcontracting arrangements after awarding the contract.
- (2) In the event that the Supplier is in breach of any of the representations and/or warranties in Clause (1) above, the Procurer shall be entitled to, without compensation to any person or liability on the part of the Procurer:
 - (i) reject the quotation/tender;
 - (ii) if the Procurer has accepted the quotation/tender, withdraw its acceptance of the quotation/tender; and
 - (iii) if the Procurer has entered into the contract with the Supplier, terminate the contract.
- (3) The Supplier shall indemnify and keep indemnified the Procurer against all losses, damages, costs or expenses arising out of or in relation to any breach of any of the representations and/or warranties in Clause (1) above.
- (4) A breach by a Supplier of any of the representations and/or warranties in Clause (1) may prejudice its future standing as a supplier or service provider of the Procurer.
- (5) Clause (1) shall not apply to agreements, arrangements, communications, understandings, promises or undertakings with:
 - (i) the Procurer;
 - (ii) a joint venture partner, where joint venture arrangements relevant to the bid exist and which are notified to the Procurer;
 - (iii) consultants or sub-contractors, provided that the communications are held in strict confidence and limited to the information required to facilitate that particular consultancy arrangement or sub-contract;
 - (iv) professional advisers, provided that the communications are held in strict confidence and limited to the information required for the adviser to render their professional advice in relation to the Tender;
 - (v) insurers or brokers for the purpose of obtaining an insurance quote, provided that the communications are held in strict confidence and limited to the information required to facilitate that particular insurance arrangement; and
 - (vi) banks for the purpose of obtaining financing for the Contract, provided that the communications are held in strict confidence and limited to the information required to facilitate that financing.

For the avoidance of doubt, the making of a bid by a bidder to the Procurer in public during an auction will not by itself be regarded as a breach of the representation and warranty in Clause (1) above.

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- (6) The rights of the Procurer under Clauses (2) to (4) above are in addition to and without prejudice to any other rights or remedies available to it against the Supplier.
- (7) Bid-rigging is inherently anti-competitive and is considered serious anti-competitive conduct under the Competition Ordinance (Cap. 619). Supplier who engages in bid-rigging conduct may be liable for the imposition of pecuniary penalties and other sanctions under the Competition Ordinance. The Procurer may, at its discretion, report all suspected instances of bid-rigging to the Competition Commission and provide the Competition Commission with any relevant information, including but not limited to information on the Supplier's quotation/tender and personal information.

Please complete and return the attached confirmation for your quotation/tender. However, you are reminded that by submitting a quotation/tender, irrespective of whether the attached confirmation is completed/returned, the Supplier represents and warrants that it has agreed to abide by the probity, anti-collusion and anti bid-rigging requirements as set out above.

Yours faithfully,

(Company Chop and Name of Procurer)

Confirmation Form

(Date) _____

To: _____

(Name of Procurer)

(Fax no: _____)

Dear Sirs / Madams,

Quotation/Tender of: _____
(Description of Goods/Services Required by the Procurer)

Re. the captioned quotation/tender

I / We agree to abide by the probity, anti-collusion and anti bid-rigging requirements as set out in your invitation.

Yours faithfully,

(Signature)

Name : _____

Position : _____

Company Name : _____

Company Chop : _____