

**Business Facilitation Advisory Committee
Task Force on Business Liaison Groups**

SME ReachOut Services and Popular Funding Schemes

Purpose

The paper aims to introduce the main services of the "SME ReachOut" and share some popular Government funding schemes.

Background

2. "SME ReachOut" was funded by the Trade and Industry Department and operated by the Hong Kong Productivity Council (HKPC) to support Small and Medium Enterprises (SMEs) through consultations, and help them identifying appropriate funding schemes, answering application inquiries and providing form-review advisory services in order to encourage utilising the government funding schemes for business upgrading and transformation. We have strengthened our services on SMEs' capacity building through Tech Buddy Meeting and diversified outreach activities for business sustainability.

3. Currently, the Government offers over 40 funding programs targeted to SMEs, providing support at various stages of business development overing areas such as business expansion, upgrading and transformation, research and development, technology talent, and new industrialisation. Additionally, there are industry-specific funding schemes available.

Programme Highlights of Some Popular Funding Schemes

4. Some popular Government funding schemes are: Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund), SME Export Marketing Fund (EMF), Digital Transformation Support Pilot Programme (DTSPP), Enterprise Support Scheme (ESS) and New Industrialisation Funding Scheme (NIFS).

Objective	Funding Scheme	Funding Ratio (Government : Enterprise)	Funding Amount
Market Expansion	BUD Fund	1:3	Cumulative limit of HK\$7 million
Export Marketing	EMF	1:3	Cumulative limit of HK\$1 million
Digital Transformation	DTSPP	1:1	HK\$50,000

Objective	Funding Scheme	Funding Ratio (Government : Enterprise)	Funding Amount
R&D	ESS	1:1	Up to HK\$10 million per approved project
Smart Production	NIFS	1:2	Up to HK\$15 million per approved project (max. 3 projects concurrently)

Brief Introduction of the Funding Schemes

(1) Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund)

5. Launched in 2012, with the main aim of assisting enterprises in exploring and developing the Mainland market through developing brands, upgrading and restructuring their operations and promoting domestic sales in the Mainland and all economies with which Hong Kong had signed Free Trade Agreements (FTAs) and Investment Promotion and Protection Agreements (IPPAs) with a total of 40 regions.

Application Eligibility:

All non-listed enterprises registered in Hong Kong under the Business Registration Ordinance (Chapter 310) with substantive business operations in Hong Kong.

Funding Amount:

Funding would be provided on a 1 (Government):3 (applicant enterprise) matching ratio, with the cumulative funding ceiling of HK\$7 million per enterprise.

Funding Scope:

There are three types of the BUD Fund, viz., General Application, Easy BUD, and E-Commerce Easy, which are under the accumulative funding amount of HK\$7 million (based on 1:3 funding ratio). The total approved funding amount of all approved applications and/or on-going projects should not exceed HK\$800,000 at any one time.

	General Application	Easy BUD	E-Commerce Easy
Funding Ceiling per application	HK\$800,000	HK\$100,000	HK\$800,000 <ul style="list-style-type: none"> cumulative funding ceiling of HK\$1 million covers only e-commerce business in

	General Application	Easy BUD	E-Commerce Easy
			mainland and ASEAN countries
Project Measures	All measures include: <ul style="list-style-type: none"> • Related costs of setting up a new business entity • Additional Manpower • Additional machinery or equipment • Sample or prototype • Related advertisement • Exhibitions • Online sales platform • Company website • Mobile applications • Promotional materials • Testing / certification registration • Patent /trademark registration 	8 key measures include: <ul style="list-style-type: none"> • Company website • Advertisement • Exhibitions • Promotional materials • Mobile applications • Testing / certification registration • Patent / trademark registration • Online sales platform 	5 measures: <ul style="list-style-type: none"> • Online Sales Platform • Advertisement related to e-commerce businesses • Company website • Mobile applications • Other e-commerce related project measures
Initial payment	Yes (20% of the funding amount)	No	Yes (20% of the funding amount)

(2) SME Export Marketing Fund (EMF)

6. Launched in 2001, aims to encourage SMEs to expand their markets outside Hong Kong by providing financial assistance to SMEs for participation in export promotion activities. Effective from 30 April 2021 until 30 June 2026, the funding scope of EMF is expanded to cover large-scale exhibitions staged by organisers with good track record targeting the local market; and the eligibility criteria is relaxed to cover non-SMEs.

7. Under the new announcement of 14 March 2025, the applications under this funding scheme are only eligible for promotion activities completed on or before 30 June 2026.

Application Eligibility:

- All non-listed enterprises registered in Hong Kong under the Business Registration Ordinance (Chapter 310);
- With substantive business operations in Hong Kong at the time of making the application. An enterprise holding a shell business registration or having its main business operation outside Hong Kong will not be regarded as having substantive business operations in Hong Kong; and
- It must not be the organiser/co-organiser/service provider or a related company of the organiser/co-organiser/service provider of the promotion activity and the related services covered by the application.

Funding Amount:

The maximum amount of funding support for each successful application will be provided on a 1 (government) : 3 (applicant enterprise) matching basis of the total approved expenditure incurred by the applicant enterprise or HK\$100,000, whichever is the less. Each enterprise may receive funding support under EMF up to a cumulative limit of HK\$1 million. A maximum of 50% of the cumulative limit may be used for applications relating to setting up/enhancing the corporate website/mobile application owned by the applicant enterprise.

Funding Scope:

- Trade exhibition held in/outside Hong Kong (Physical/Virtual)
- Business Mission outside Hong Kong (Physical/Virtual)
- Advertisements on trade publications which mainly target markets outside Hong Kong
- Export promotion activities such as placing advertisements, keyword search, listing product information, setting up or enhancing online shop, etc. which are conducted through electronic platforms/media and which mainly target markets outside Hong Kong
- Setting up or enhancement of a corporate website/mobile application for target markets outside Hong Kong

(3) Digital Transformation Support Pilot Programme (DTSPP)

8. Launched in 2024, it aims to provide local SMEs in adopting pre-assessed off-the-shelf, readily available digital solutions in targeted solution categories. It covers industries of Food and Beverage, Retail (excluding Food and Beverage)¹, Tourism and Personal Services.

¹ Eligible retail stores under the Retail Industry Sector include the holder of Fixed-Pitch Hawker Licence but exclude those operated under a food licence issued by the Food and Environmental Hygiene Department,

Application Eligibility:

- Registered in Hong Kong under the Business Registration Ordinance (Cap. 310) or being hawkers with valid fixed-pitch hawker licence under the Hawker Regulation (Cap. 132AI);
- Not being a listed company in Hong Kong, a statutory body, or a government subvented organisation;
- Having substantive business operation or establishing business in the following Industry Sectors (the Target Industry Sectors) in Hong Kong:
 - Food and Beverage
 - Retail (excluding Food and Beverage)
 - Tourism
 - Personal Services
- Having less than 50 full-time employees

Funding Amount:

Funding support will be provided on a 1 (Government) : 1 (applicant enterprise) matching basis, covering up to 50% of the total project cost or a maximum of HK\$50,000, whichever is lower.

Funding Scope:

The Programme provides funding support to SMEs for adopting the pre-assessed solution packages listed in the [Solution List](#).

- Digital Payment Solutions and Shopfront Sales: To assist enterprises in automating their payment and calculation workflows, and support electronic payment to open up new payment channels. Systems of this category may also include in-store self-service sales solutions such as self-ordering systems and vending machines. The systems may automatically generate reports through marketing data, allowing enterprises to analyse their business and providing them with a basis for making business decisions.
- Online Promotion to develop company websites and social media pages for enterprises, or to help them promote their business through online search engines and social media.
- Customer Management and Loyalty Solutions Systems of this category may support sales promotion activities such as electronic membership programmes and electronic coupons. The systems may also provide functions such as customer support, case management and knowledge base, and provide reports to allow enterprises to effectively view, analyse and

hawkers with Itinerant Hawker Licences, mobile stalls and counters in department stores without a separate payment system, stores operating under a short term tenancy of a duration less than six months and retail stores conducting non-store retailing via mail order, internet or direct marketing sales only.

manage sales activities, targets, potential customers identified and related follow-up work, so that enterprises can enhance interactions with existing and potential customers, and centrally store customer information and contact records.

(4) Enterprise Support Scheme (ESS)

9. Launched in 2015, it aims to provide funding support for local companies to conduct in-house research and development (R&D) work with a view to encouraging the private sector to invest in R&D. ESS supports downstream R&D activity with focuses on commercial application and viability of project deliverables. It will not support mass production activities, general business operations such as improvement of production/operational process (e.g. facility revamp, investment on equipment, automation facilities, information technology-related infrastructures or R&D facilities), general business financing or staff training.

Application Eligibility:

- incorporated in Hong Kong;
- has a current business registration certificate;
- is not a government subvented organisation; &
- is not a subsidiary of any government subvented organisation

Funding Amount:

A maximum of HK\$10 million could be provided for each approved Project on a dollar-for-dollar matching basis, and the maximum Project duration not exceeding 24 months in general

Funding Scope:

- Project Funds can generally be used to cover the salary of project staff who engage in technical R&D activities, including employer's mandatory contribution to the Mandatory Provident Fund, excluding bonuses, general fringe benefits and allowances, etc.;
- The title to equipment for a Project, including those procured with the Project Funds, will be held and maintained in Hong Kong by the successful Applicant, excluding general office and information technology equipment;
- Outsourcing to third party technology vendor;
- Consumables (an itemised breakdown of the cost and quantity should be provided);
- Production of samples/prototypes;

- Industrial standards (e.g. product safety) and compliance test conducted by certified laboratories;
- The necessary testing and certification to certify the functionality as described in the application;
- Industrial design;
- Pre-clinical study and clinical trial... etc.

(5) New Industrialisation Funding Scheme (NIFS)*

10. Launched in 2020, it aims to subsidise manufacturers to set up new smart production lines in Hong Kong. (*renamed from Re-industrialisation Funding Scheme effective from 25 October 2023)

Application Eligibility:

Companies incorporated in Hong Kong under the Companies Ordinance (Cap. 622) are eligible to apply.

Funding Amount:

Funding will be provided on a 1 (government) : 2 (applicant enterprise) matching basis, with the Government covering a maximum of one-third of the total approved project cost or HK\$15 million per project, whichever is lower. Each company can only in total have 3 project applications and on-going projects under NIFS at any one time.

Funding Scope:

- The costs of procurement, installation and commissioning of the machinery/equipment
- Fees for engaging technical consultant(s) for the design and setting up of the production line concerned
- Relevant testing and staff training
- Patent registration fee... etc

11. The above government funding information is provided for general reference only. All application details and terms should be based on the guidelines of the respective funding schemes.

Way Forward

12. Members are invited to note the content of this paper.

“SME ReachOut”
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