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Helping SMEs Expand into Emerging Markets

Enhancement of the BUD Fund will help the city's smaller companies to explore the opportunities arising in GBA and ASEAN

Small and medium-sized enterprises (SMEs) are crucial pillars for Hong Kong's prosperous economic development. Today, there are about 340,000 SMEs in Hong Kong, accounting for over 98% of the total business units and representing nearly half of the employment in the private sector.

In view of their significance, SMEs are encouraged to upgrade and optimise their production processes to tackle operational difficulties, particularly against the backdrop of the current global economic uncertainty.



“BUD Fund” at a Glance



Tapping the unparalleled market opportunities in the Greater Bay Area (GBA) and ASEAN will also diversify the risk of investment.

To help Hong Kong companies make the most of these opportunities, the BUD Fund, a Government funding scheme, is a timely measure that enables SMEs to get a foothold to enter the Mainland China and ASEAN markets.

Opportunities abound in Mainland and ASEAN

The BUD Fund is a dedicated fund that helps SMEs surf the wave of economic upheavals, and also ties in with the Government's advocacy of local enterprises "Going Global."

The Mainland Programme of the BUD Fund scheme was enhanced in August last year, and the ASEAN Programme was added. The number of approved projects for each programme was also extended to ten. Enterprises can receive up to HK\$1 million for Mainland China and ASEAN projects, respectively. Such moves aim to encourage enterprises to capture the unparalleled business opportunities in Mainland China – the GBA in particular – as well as reach the ASEAN markets.

However, before filing an application, enterprises are advised to make holistic considerations. They should also have a full grasp of the varied business environments of these places – in terms of infrastruc-



ture, manpower, systems, production and operation conditions – in order to make the right decision.

Grasp market trends to make the right choice

Hong Kong SMEs that wish to explore the Mainland markets should be aware of a number of considerations. Generally speaking, the GBA has three currencies, taxation and legal systems, and different development paces and directions. This creates a pressing question on how to coordinate and integrate the GBA cities.

Expert advisors on Mainland Chinese tax and business issues suggested companies take every factor into account when deciding where to go. For example, geographic factor, transportation and logistics, procedures and duration of opening companies, taxation and labour-related issues. What's more, the companies need to assess whether their business fits in with the local core business activities and resources.

ASEAN, with 10 strongly bonded member states, is a dynamic economy. However, each member has unique economic status, business environment and taxation system. In terms of per capita GDP, Singapore is the most affluent, followed by Brunei and Malaysia.

Although in Singapore it takes just a few days to set up a company, the cost and resources may be a concern. The Philippines, in stark contrast, is rich in labour with lower pay, but establishing a company is more complicated. In respect of taxation, companies might bear

a lower burden in those jurisdictions that have signed a double taxation relief agreement with Hong Kong – Vietnam, Indonesia, Brunei, Singapore and Malaysia.

The Hong Kong Productivity Council regularly organizes seminars and study missions to explore business opportunities arising from Mainland China and ASEAN member states. These efforts not only help enterprises increase their understanding of the emerging markets, but also enable them to devise appropriate investment and operational strategies.

BUD Fund success stories

Launched in June 2012, the BUD Fund has approved more than 1,800 applications, granted over HK\$700 million and benefited above 1,500 enterprises as of March 2019. Successful cases prove that the scheme is conducive to driving business growth.

One of the success stories is a jewellery company that has filed four applications for BUD Fund support since 2015, and received a total of HK\$770,000 to expand in the Mainland China market. The company has established online sales channels, and performed product tests and certifications that helped grab numerous business opportunities.

Another case is a manufacturer of precision engineered metal components that first received HK\$440,000 to upgrade its Mainland China plant with advanced equipment, invest in advertising, optimise the company's website and train its staff. With another subsidy of HK\$500,000, it has also registered trademarks, participated in various exhibitions in ASEAN countries, employed domestic workers, purchased upgraded devices and launched product promotions in the Mainland.

Planned projects in Free Trade areas

The 2019/20 Government Budget announced that the BUD Fund would extend coverage to all markets that have signed Free Trade Agreements (FTA) with Hong Kong. It also plans to increase the ceiling of funding support for each enterprise to HK\$3 million, of which HK\$1 million is for the Mainland Programme and HK\$2 million for the ASEAN Programme, plus other FTA markets.

The Government will seek funding approval from the Finance Committee of the Legislative Council in the hope that the enhancement measures can be implemented in the fourth quarter of 2019. Hong Kong enterprises will then be able to harness the FTA opportunities to further expand their markets and boost sales. 🌸

For more details on the BUD Fund, please visit www.bud.hkpc.org.

協助中小企開拓新興市場

BUD專項基金的優化措施可助本地中小企探索大灣區和東盟商機

中 小企業是香港經濟賴以蓬勃的重要支柱，目前全港約有34萬家，佔企業總數超過98%，僱員人數佔私營機構近半，地位舉足輕重。

然而，中小企一直面對種種經營困難，加上近年外圍環境不明朗，要迎難而上，除了升級轉型、改善生產流程外，亦可拓展東盟或大灣區等具發展潛力的市場，適度分散投資風險，有利營商致勝。

為協助港企抓緊機遇，政府資助計劃「發展品牌、升級轉型及拓展內銷市場的專項基金」（「BUD專項基金」）可說是企業開拓中國內地和東盟市場的及時雨。

內地及東盟商機處處

「BUD專項基金」專門協助中小企應對經濟動盪，同時配合政府鼓勵本地企業「走出去」。

「BUD專項基金」下的內地計劃於去年8月推出優化措施，並新增了東盟計劃。兩地項目分別可獲高達港幣100萬元資助，而資助項目亦增加至10個，以鼓勵企業抓緊內地特別是東盟

「BUD專項基金」一覽



的巨大商機，並把市場版圖擴展至東盟市場。

不過，企業在選址時應作全盤考量，充分了解各地在基礎建設、人力、制度、生產和營商條件上的差異，以便作出明智抉擇。

洞悉市場趨勢，作出明智抉擇

有意探索內地市場的香港中小企應考慮若干因素。就大灣區而言，區內有三種不同的貨幣、稅制和法制，加上發展步伐和方向各有不同，如何協調和融合是相當逼切的問題。

中國內地稅務及商務諮詢專家建議，企業選址時須考慮地利、物流運輸條件、成立公司的程序和需時、稅務和勞工相關議題等因素，甚至需要評估業務是否配合當地的經濟重點活動和資源供應。

至於東盟方面，十個成員國互相緊密合作，凝聚成一個充滿動力的經濟體。然而，各國的經濟情況、營商環境和稅務體制大相徑庭。以人均國內生產總值計，新加坡最富裕，其次是汶萊和馬來西亞。

論營商環境，在新加坡成立公司最快只需幾天，惟成本及資源價格較高；菲律賓的開業程序則較繁複，但工資水平相對較低，勞動人口亦較充裕。稅務方面，越南、印尼、汶萊、新加坡和馬來西亞已經與香港簽訂避免雙重徵稅協定，在這些司法管轄區經營的企業稅負較低。

香港生產力促進局不時舉辦講座和考察團，探索中國內地和東盟國家的商機，並加深中小企對新興市場的認識，以便制訂適當的投資和營運策略。

BUD專項基金成功個案

「BUD專項基金」自2012年6月推出以來，截至2019年3月底，已成功批出1,800多宗申請，總資助額突破港幣7億元，受惠企業超過1,500家。成功個案證明計劃有助推動業務增長。

其中本地一間珠寶首飾公司自2015年起，先後四次申請「BUD專項基金」，共獲資助約港幣77萬元拓展內地業務，用作建立網上銷售渠道、為產品進行檢測認證等。項目成效顯著，帶動該公司整體銷售額明顯增長。

此外，一間本地五金代工廠商最初獲「BUD專項基金」資助港幣44萬元，為內地廠房添置升級設備、投放廣告、加強網頁宣傳和員工培訓。該公司得悉基金加碼擴充後，去年再申請基金，成功獲批合共近港幣50萬元的資助，用作在東盟進行商標註冊、參加展覽會，以及在內地增聘員工、購買升級設備和進行產品宣傳。

「BUD專項基金」將擴至自貿區

香港特區政府於2019-20年度《財政預算案》公布，「BUD專項基金」的資助地域範圍將擴展至所有與香港締結了自由貿易協定（自貿協定）的市場，而且每家企業的累計資助上限提高至港幣300萬元，即內地市場港幣100萬元，以及東盟和其他自貿協定市場合共港幣200萬元。

政府會向立法會財務委員會申請撥款，以期在2019年第四季推行優化措施。屆時，港商可利用自貿協定帶來的機遇，進一步開闢新市場和擴展銷售網絡。

有關「BUD專項基金」詳情，請瀏覽www.bud.hkpc.org。