

Guide to Application for Trade and Industrial Organisation Support Fund

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1. General

1.1 Objective

The Trade and Industrial Organisation Support Fund (TSF)¹ provides financial support to projects which aim at enhancing the competitiveness of non-listed Hong Kong enterprises in general or in specific sectors, including assisting them in developing any markets.

The Trade and Industry Department (TID) administers the TSF upon the advice of a Vetting Committee mentioned in paragraph 3.1 below.

Projects funded under the TSF shall be completed in 3 years. Activities under the projects may include seminars, workshops, conferences, exhibitions, research studies, award schemes, codes of best practices, databases, service centres, support facilities and technology demonstrations, etc.

1.2 Eligibility

Non-profit-distributing organisations² such as trade and industrial organisations, professional bodies or research institutes, etc., which shall either be statutory organisations or organisations registered under the laws of the Hong Kong Special Administrative Region, are eligible to apply for the TSF. Project activities which are or will be in receipt of other Government funding support will not be considered.

The applicant may engage an implementation agent to assist in carrying out the project. It should provide evidence in the Application Form (e.g. curriculum vitae of key project team members) to show that the agent has the capability to implement the project effectively.

The applicant may also seek support from relevant organisations, other than for-profit commercial entities or those with political affiliations, to act as collaborating organisations for the project.

1.3 Amount of grant

The maximum amount of grant for each approved project is HK\$5 million, or 90% of the total approved project expenditure, whichever is the less.

¹ The TSF is a merger between the previous SME Development Fund and the Organisation Support Programme under the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) in October 2018.

² Non-profit-distributing organisations refer to organisations which do not distribute profits to their directors, shareholders, employees or any other persons. An applicant has to declare in the Application Form that it has not distributed / will not distribute any profit generated by the applicant in the past and during the project duration to any of its directors, shareholders, employees or any other persons. The applicant shall provide supplementary information, such as the Articles of Association or Constitution (if applicable), to prove that the organisation is non-profit-distributing in nature.

The successful applicant will be required to contribute at least 10% of the total project expenditure, which may be in cash, in kind or in the form of sponsorship from any third parties other than the Government.

1.4 Terms and conditions for funding support

The successful applicant will be required to sign a project agreement with the Government and comply with all the terms and conditions laid down in the project agreement, this Guide and all directives and correspondences issued by the Director-General of Trade and Industry (DGTI) from time to time in respect of the project.

The successful applicant will be required to appoint a project coordinator and a deputy project coordinator who will be responsible for overseeing the implementation of the project, monitoring the proper use of funds in accordance with the approved budget, exercising economy in the use of funds, liaising with the Secretariat and attending meetings on the project. As a general rule, no reward in the form of cash allowance to the project coordinator and deputy project coordinator is permitted.

To facilitate monitoring and evaluation of the funded project, the successful applicant will be required to submit Progress/Final Reports, Post-Project Evaluation Report and financial reports. TID has the right to request access to any information related to the project.

The successful applicant shall, on a non-exclusive basis, make available the project deliverables to non-listed Hong Kong enterprises. It may charge the relevant enterprises a fee for the receipt or use of the project deliverables to recover the additional cost incurred, net of the funds.

2. Application

2.1 Application procedure

Applications for the TSF are accepted all year round and considered on a quarterly basis. To apply for the TSF, the applicant shall complete the Application Form for the TSF. Copies of the Application Form can be obtained from the Secretariat or downloaded from the website (www.smefund.tid.gov.hk/tsf/eng). The Application Form is available in Chinese and English, and the applicant is only required to complete it in either language. No application fee will be charged.

The following documents shall be required for an application:

- (A) Duly completed and signed Application Form, with a soft copy (in MS Word format);

- (B) Registration documents of the applicant (if applicable) — Business Registration Certificate, Certificate of Incorporation, Certificate of Registration of a Society, Certificate of Registration of Trade Union;
- (C) Supplementary information, such as the Articles of Association or Constitution (if applicable), to prove that the applicant is non-profit-distributing in nature; and
- (D) Letter of support from collaborating organisations (if applicable).

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

The completed Application Form and supporting documents shall be sent to the Secretariat electronically, in person or by post (Address: 15/F, Trade and Industry Tower, 3 Concorde Road, Kowloon City, Hong Kong). If the application is submitted electronically, the applicant shall submit the soft copy of the Application Form and the supporting documents mentioned above, in the format specified under Section 11(2) of the Electronic Transactions Ordinance (Cap. 553) (ETO) with a valid digital signature supported by a recognised certificate as referred to in the ETO, via Internet e-mail to the e-mail address at **tsf_apply@tid.gov.hk**. Please note that only recognised e-cert (Organisational) for the authorised person signing the application will be accepted for making the application.

Acknowledgement will be sent to the applicant upon receipt of an application by the Secretariat.

2.2 Withdrawal

The applicant may write to the Secretariat to withdraw an application any time before a project agreement is signed between the Government and the applicant.

2.3 Resubmission

A rejected application may be resubmitted only if its content has been revised substantially or if the applicant is able to produce supplementary evidence to address the comments made by the Vetting Committee. A resubmitted application will be treated as a new application and will be subject to the same assessment procedures.

3. Assessment and vetting procedures

3.1 Assessment procedure

The Secretariat will conduct a preliminary assessment of all applications and seek clarification or supplementary information from the applicants. Representatives of the applicants may be required to attend assessment meetings to present their project proposals and answer questions from members of the Vetting Committee.

A Vetting Committee chaired by DGTI comprising members from various sectors will assess applications, formulate funding decisions for each project, and monitor funded projects. Where necessary, comments and advice will be sought from other relevant Government departments and experts.

3.2 Assessment timetable

Under normal circumstances, it takes about 60 working days to process an application after the end of each quarter. The processing time refers to the time taken by the Secretariat to conduct preliminary assessment on an application and submit recommendations to the Vetting Committee for decision.

The Vetting Committee usually meets in March, June, September and December each year to consider applications received in the immediate preceding quarter. Under normal circumstances, applicants will be informed of the assessment result around one month after the respective meetings of the Vetting Committee.

3.3 Vetting criteria

The following aspects will be considered during the vetting process:

Usefulness of project

- (A) The project shall be able to enhance the competitiveness of non-listed Hong Kong enterprises in general or in specific sectors.
- (B) The project deliverables shall be of practical use to non-listed Hong Kong enterprises.

Cost-effectiveness

- (C) The number of non-listed Hong Kong enterprises which may benefit from the funded projects.
- (D) The project, including the approach to achieve the project objective, shall be cost-effective.
- (E) The proposed budget shall be reasonable and realistic.

Project implementation

- (F) The implementation plan of the project, including the implementation schedule and publicity plan, shall be effective.
- (G) The applicant and the project team shall have good technical and management capability.
- (H) The project shall be completed in 3 years. If any project deliverables will be operated for more than 3 years, the applicant shall demonstrate the deliverables' sustainability after project completion and its financial viability to bear the concerned cost subsequent to the cessation of funding support.

Other factors

- (I) Availability of other funding sources.
- (J) There is a demonstrated need for the project deliverables.
- (K) The project will not duplicate the work carried out by other organisations.

3.4 Avoidance of conflict of interest

To avoid conflict of interest, Vetting Committee members and Secretariat staff who are directly or indirectly related to an application will be required to declare their interests. Where considered appropriate, the Chairman may request the members and the staff concerned to refrain from participating in the vetting of the relevant application.

3.5 Notification of results

The Secretariat will notify the applicant of the assessment result in writing. If an application is rejected, the Secretariat will inform the applicant the reasons for the decision.

An initial approval-in-principle will be given to the successful applicant. Where necessary, the applicant will be required to revise the project proposal and submit it together with a cash flow projection for the project to the Secretariat. The revised project proposal and cash flow projection will be further examined by the Secretariat. Funding approval will be granted to the successful applicant upon the signing of a project agreement prepared by the Government. The approved project proposal, the cash flow projection (if applicable) and this Guide will be appended to and form part of the project agreement.

4. Funding arrangement/financial management

4.1 Disbursement of grant

Subject to the successful applicant's compliance with the terms and conditions of the project agreement, the Government shall provide the grant to the successful applicant in the following manner:

- (A) For projects with the approved grant not exceeding HK\$1 million and the implementation period not exceeding 1 year, the grant will be disbursed in one lump-sum, within 30 days after the production of documentary evidence to the satisfaction of DGTI showing:
 - (i) the availability to and receipt by the successful applicant of 100% of the total cash contribution and all other in-kind contribution or sponsorship (if any) in accordance with the approved project proposal; and
 - (ii) the project account has been opened and the appointment of authorised signatories has been notified to the Secretariat (see paragraph 4.3.1).
- (B) With the exception of projects mentioned in (A) above, for projects with implementation period not exceeding 2 years, the grant will be disbursed in 2 instalments according to the cash flow projection of the project as stipulated in the approved project proposal. The first instalment will be effected within 30 days after the production of documentary evidence to the satisfaction of DGTI showing:
 - (i) the availability to and receipt by the successful applicant of at least 50% of the total cash contribution and at least 50% of the total value of all other in-kind contribution or sponsorship (if any) in accordance with the approved project proposal; and
 - (ii) the project account has been opened and the appointment of authorised signatories has been notified to the Secretariat (see paragraph 4.3.1).

The second instalment will be effected within 30 days after the acceptance by the Vetting Committee of the Progress Report (see paragraph 5.1(A)) and the audited account (see paragraph 4.5.1(A)), subject to the production of documentary evidence to the satisfaction of DGTI showing the availability to and receipt by the successful applicant of the remaining balance of the total cash contribution and all other in-kind contribution or sponsorship (if any) in accordance with the approved project proposal.

- (C) For projects with implementation period exceeding 2 years, the grant will be disbursed in 3 instalments according to the cash flow projection of the project as stipulated in the approved project proposal. The first instalment will be effected within 30 days after the production of documentary evidence to the satisfaction of DGTI showing:
- (i) the availability to and receipt by the successful applicant of at least 50% of the total cash contribution and at least 50% of the total value of all other in-kind contribution or sponsorship (if any) in accordance with the approved project proposal; and
 - (ii) the project account has been opened and the appointment of authorised signatories has been notified to the Secretariat (see paragraph 4.3.1).

The second instalment will be effected within 30 days after the acceptance by the Vetting Committee of the first Progress Report (see paragraph 5.1(A)) and the first audited account (see paragraph 4.5.1(B)(i)), subject to the production of documentary evidence to the satisfaction of DGTI showing the availability to and receipt by the successful applicant of at least 75% of the total cash contribution and at least 75% of the total value of all other in-kind contribution or sponsorship (if any) in accordance with the approved project proposal.

The third instalment will be effected within 30 days after the acceptance by the Vetting Committee of the second Progress Report (see paragraph 5.1(A)) and the second audited account (see paragraph 4.5.1(B)(ii)), subject to the production of documentary evidence to the satisfaction of DGTI showing the availability to and receipt by the successful applicant of the remaining balance of the total cash contribution and all other in-kind contribution or sponsorship (if any) in accordance with the approved project proposal.

DGTI reserves the right to withhold the second or third instalment or any further payment to the successful applicant if 50% or more of the grant plus the cash contribution by the successful applicant and sponsors (if any) remains unspent in the project account, if the successful applicant has failed or is likely to fail to execute the project, or if any reports, audited accounts or other deliverables submitted by the successful applicant does not meet the standards specified in the project agreement.

The successful applicant is not entitled to charge any interest or claim any compensation or relief of whatsoever nature against the Government in the event of any late or withholding of payment of grant for any reason whatsoever.

4.2 **Budget of the project**

4.2.1 **Expenditure**

(A) Scope of funding

Projects funded under the TSF shall be completed in 3 years. Only expenditure directly incurred for the project within the project duration and specified in the approved project proposal can be included in the project expenditure. The following items directly incurred for the project may be funded.

(i) Manpower

- salary (including employer's contributions to the Mandatory Provident Fund) of additional manpower (full-time or part-time³) directly incurred for the project;
- salary (including employer's contributions to the Mandatory Provident Fund) of the applicant's existing staff⁴ deployed for the project (on an hourly basis³ if only a certain percentage of the working time of the staff is deployed). To avoid double subvention, no sum shall be paid out of the grant as emolument to a person who is already on the payroll of a Government-subvented organisation, but the salary of its existing staff may be included in the project cost and considered as an in-kind contribution by the Government-subvented organisation (see paragraph 4.2.2).

The amount of salary to be funded by the grant shall be the budgeted amount specified in the approved project proposal or the actual salary paid to the staff for the work directly incurred for the project during the project duration, whichever is the less. The applicant is required to provide a copy of the actual payroll record of the staff upon demand by the Secretariat.

The salary of existing staff shall be charged at a flat rate throughout the project duration.

³ A record on the working time devoted by the staff (including additional or existing staff) to the project shall be maintained and submitted to the Secretariat for manpower charged on an hourly basis.

⁴ If the project coordinator or deputy project coordinator is an existing staff of the applicant, his/her salary may be funded by the grant as with other existing staff.

Annual increment of existing staff shall not be charged to the grant.

Fringe benefits, allowances, insurance, year-end double payment, etc. of any staff recruited or redeployed for the project shall not be charged to the grant.

(ii) Additional equipment

As a general rule, projects with proposed equipment cost equal or greater than 50% of the total project cost will not be considered unless there are very strong justifications.

Only the cost of procuring or leasing of additional equipment for implementing the project can be charged to the grant. Equipment proposed to be purchased must be essential to or specifically required by the project. The maximum amount of grant for equipment procured under an approved project is HK\$1 million, or 90% of the approved equipment cost, whichever is the less.

General office equipment (e.g. personal computers, photocopiers, fax machines, etc.) will normally not be funded. The applicant is encouraged to use its existing equipment or to lease the additional equipment required as far as possible.

Please also refer to the latest version of the “General Guidelines on Purchase of Equipment under the TSF”, which can be downloaded from the website (www.smefund.tid.gov.hk/tsf/eng).

(iii) Implementation fee

The fee paid to an implementation agent for assisting the applicant in carrying out the project. Such fee shall be charged based on the work directly incurred for each project deliverable according to the breakdown specified in the approved project proposal.

(iv) Other direct costs

All other costs directly incurred for the project with the exception of overheads and other unallowable cost items set out under paragraph 4.2.1(B) below may be funded. Fundable direct costs may include:

- Expenses for consumables
- External consultancy fees
- Production and promotion costs of project deliverables (such as the costs on printing of leaflets, advertisements and venue rental for seminars, etc.)
- Travelling expenses
Travelling expenses incurred by project team members shall not exceed 5% of the total budgeted expenditure or the total actual expenditure (whichever is the less). For flight charges, only cost of economy class fare will be covered.
- External audit fees
The maximum funding allowed for each audit of the project shall not be more than HK\$10,000.
- Patent registration fees
Patent registration fees directly relating to the project of not more than HK\$250,000 may also be included in the budget.

The successful applicant shall inform the Secretariat and seek prior written approval from DGTI if it foresees:

- the actual expenditure in any individual item exceeds the original approved budgeted expenditure for that item by 20% and the revised amount exceeds HK\$100,000; or
- the need to create and transfer expenditure to a new expenditure item.

(B) Unallowable costs

Unless prior express approval is given by the Vetting Committee, the grant will not cover overhead expenses (such as rental, renovation expenses and utility expenses of the applicant's premises), individual enterprises' participation fees in project activities, entertainment expenses, expenses for meals and refreshments, and other administration costs.

4.2.2 Contribution from the successful applicant

The successful applicant shall be responsible for at least 10% of the total project expenditure, which may be in cash, in kind or in

the form of sponsorship from any third parties other than the Government. For the purpose of calculating the contribution from the successful applicant under this paragraph, the fee for the implementation agent for carrying out the project shall not form part of the sponsorship in counting towards its contribution. Discount in purchases or price concession offered by suppliers or service providers or lessors shall also be excluded from the sponsorship.

For in-kind contribution or sponsorship, the successful applicant shall provide documentary evidence to:

- (A) demonstrate that the quoted value of the in-kind contribution or sponsorship is in line with the market price; and
- (B) after project completion, to prove that the in-kind contribution or sponsorship has been used during the project duration.

4.2.3 Income generated from the project

The project income, including all interest generated from the project account (as set out under paragraph 4.3.2), may be used by the successful applicant upon prior written approval from DGTI with, but not limited to, the following conditions:

- (A) The project income shall be used solely and exclusively for a project-related purpose as DGTI may approve;
- (B) The project income shall be utilised only within the project duration;
- (C) The project income cannot be used to offset the contribution required to be made by the successful applicant under paragraph 1.3; and
- (D) Any other conditions as DGTI may impose at his/her sole discretion.

Unless otherwise approved by DGTI as mentioned above, the successful applicant shall return to the Government all income within 1 month after submission of the final audited account of the project (as set out under paragraph 4.9).

4.3 Account and interest

- 4.3.1 The successful applicant is required to open under its name and maintain a separate interest-bearing bank account (“project account”) with a licensed bank registered under the Banking

Ordinance (Cap. 155) solely and exclusively for the purpose of processing all receipts and payments of the project. All withdrawals from the project account shall be made by at least two authorised signatories of the successful applicant, whose appointment shall be notified to the Secretariat before disbursement of the first instalment of the grant.

All project funds (the grant and cash contribution by the successful applicant and sponsors) and project income, if any, shall be deposited into the project account. All payments exclusively made for the project shall be paid out from the project account. All project funds shall be kept in the project account by the successful applicant until such funds are spent (paid) in compliance with the project agreement or returned to the Government by the successful applicant in accordance with the project agreement.

If the successful applicant is a university, it may use its existing interest-bearing bank account opened with a licensed bank registered under the Banking Ordinance (Cap. 155) as the project account. It shall assign a unique account code specifically for processing all receipts and payments of the project as well as the interest generated from the grant.

- 4.3.2 The successful applicant shall ensure that all interest generated from the project account shall be reflected in the financial statements and audited accounts of the project.
- 4.3.3 Without prejudice to any other rights or remedies which the Government may have, the successful applicant may be required to compensate the Government for loss of interest income⁵ if the project funds are not properly handled in accordance with paragraph 4.3.1 above.

4.4 Books and records

- 4.4.1 The successful 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 a Statement of Income and Expenditure (presented at item level in the same format as in the approved budget) and a Statement of Financial Position in respect of each project. All transactions relating to the project shall be properly and timely recorded in its books of accounts.

⁵ Based on the Hongkong and Shanghai Banking Corporation saving interest rate applicable at the time calculated up to the date of payment of such interest.

- 4.4.2 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 and used, or services provided. Moreover, the expenditure so charged shall be incurred during the project duration only. All receipts and expenditure of the project, including the grant, contribution by the successful applicant and sponsors (if any), and project income (if any) shall be fully and properly recorded in the books and records in accordance with the project agreement, and all requirements, directives and correspondences issued by DGTI in respect of the project.
- 4.4.3 The successful applicant shall maintain, during the continuance of the project agreement and for a minimum period of 7 years after the completion of the project or termination of the project 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, the Government and its authorised representatives shall be allowed access to all or any of the books and records for conducting audit (including value for money audit), inspection, verification and copying from time to time upon reasonable notice at any time when such books and records are kept. Moreover, the successful applicant shall allow the Independent Commission Against Corruption (ICAC) to inspect all or any of the aforementioned books and records, examine the management and control measures in relation to the project for the purpose of corruption prevention review. When so requested in this connection, the successful applicant will be obliged to make available all books of accounts and records of the project and explain to the Government or its authorised representatives any matters relating to the receipt, expenditure and custody of any money derived from the project. DGTI reserves the right to require the successful applicant to return any mis-spent amounts together with the interest income accrued to the Government.

4.5 Financial reports

- 4.5.1 The successful applicant will be required to submit the following financial reports to DGTI:
- (A) For projects with implementation period not exceeding 2 years (with the exception of projects mentioned in paragraph 4.1(A)), an audited account (together with the Progress Report as set out under paragraph 5.1(A)) not later than 2 months after the end of the reporting period specified in the project agreement;

- (B) For projects with implementation period exceeding 2 years,
 - (i) an audited account (together with the first Progress Report as set out under paragraph 5.1(A)) not later than 2 months after the end of the first reporting period specified in the project agreement; and
 - (ii) an audited account (together with the second Progress Report as set out under paragraph 5.1(A)) not later than 2 months after the end of the second reporting period specified in the project agreement;
- (C) For all projects, a final audited account covering the period from the project commencement date to the project completion date or the expiry or termination date of the project agreement (together with the Final Report as set out under paragraph 5.1(B)) within 3 months after completion of the project, or the expiry or termination of the project agreement, whichever is earlier.

The audited account shall contain all receipts and receivables including the grant, contribution from the successful applicant and sponsors (if any), project income (if any), as well as all payments and payables for the project. The audited account shall also comprise a Statement of Income and Expenditure (presented at item level in the same format as in the approved budget), a Statement of Financial Position, Notes to the Accounts and an Auditor's Report. The accounts of a project shall be properly prepared from and in agreement with the books and records of the project.

Any record of mishandling of public funds or lack of discipline in financial management or any breach of a project agreement by an organisation will be taken into account by the Vetting Committee and the Secretariat in considering future applications from the relevant organisation or the project team. Any such record may prejudice that organisation's future applications under the TSF.

4.5.2 Auditing requirements

To ensure that the project funds have been fully and properly applied to the projects and expended/received in accordance with the approved budget, the required accounts shall be audited by an independent auditor who must be either a Certified Public Accountant (Practising), a CPA firm or a Corporate Practice registered under the Accounting and Financial Reporting Council Ordinance (Cap. 588) (the Auditor).

The successful applicant shall specify in the engagement letter for the employment of the Auditor that he/she shall strictly follow the requirements stipulated in the latest version of the “Notes for Auditors of Grantees” (which can be downloaded at www.smefund.tid.gov.hk/tsf/eng) issued by the Secretariat in conducting audits and preparing the Auditor’s Report for each account of each project. The engagement letter shall also specify that the Government or its authorised representatives shall have the right to communicate with the Auditor on matters concerning the accounts and the supporting statements.

4.6 Procurement procedures

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

- (A) For every procurement or lease of the equipment, goods or services in relation to or for the purposes of the project, the aggregate value of which does not exceed HK\$5,000, quotations are not required if the project coordinator is satisfied that the prices obtained are reasonable and confirms so in the Progress/Final Reports (see paragraphs 5.1(A) & (B)).
- (B) For every procurement or lease of the 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 successful applicant shall invite quotations in writing from at least 2 suppliers or service providers or lessors and accept the lowest conforming bid. Full justifications must be given if less than 2 suppliers or service providers or lessors could be identified from the market. If the lowest conforming quotation is not selected, prior written consent must be obtained from DGTI and full justifications shall be given.
- (C) For every procurement or lease of the 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 successful applicant shall invite quotations in writing from at least 3 suppliers or service providers or lessors and accept the lowest conforming bid. Full justifications must be given if less than 3 suppliers or service providers or lessors could be identified from the market. If the lowest conforming quotation is not selected, prior written consent must be obtained from DGTI and full justifications shall be given.
- (D) For every procurement or lease of the 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\$1.4 million, the successful applicant shall invite quotations in writing from at least 5 suppliers or service providers or lessors and accept the lowest conforming bid. Full justifications must be given if less than 5 suppliers or service providers or lessors could be identified from the market. If the lowest conforming quotation is not selected, prior written consent must be obtained from DGTI and full justifications shall be given.

- (E) For every procurement or lease of the equipment, goods or services in relation to or for the purposes of the project, the aggregate value of which exceeds HK\$1.4 million, the successful applicant shall use open and competitive tendering procedures and accept the lowest conforming bid. The successful applicant shall make use of 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 DGTI and full justifications shall be given.

With the objectives of ensuring openness, fairness and value for money, the successful applicant shall not divide procurement or lease requirements into instalments or reduce the usual duration of contracts with the purpose or effect of evading the need to obtain quotations or abusing the procedures; or bundle procurement or lease requirements of unrelated nature into one single quotation.

For successful applicants that are universities or statutory organisations, subject to the approval of the Vetting Committee, they may adhere to their established standard procurement procedures.

Unless already included in the approved project proposal or prior written approval from DGTI is obtained, the successful applicant or any person authorised by it to call for or in any way involved in the quotation or tender shall not participate in the bid itself.

The successful applicant shall make reference to the guidelines published by the ICAC⁶ and Competition Commission (CC)⁷ in preparing quotation/tender invitation documents.

⁶ Please make reference to the booklet “Strengthening Integrity and Accountability – Government Funding Schemes Grantee’s Guidebook” published by the ICAC (https://cpas.icac.hk/UploadImages/InfoFile/cate_43/2017/43903a1c-f8c9-4bac-b4f8-e7ed80b9a004.pdf).

⁷ Please make reference to the “Getting the most from your tender” brochure (https://www.compcomm.hk/en/media/reports_publications/files/CC_Getting_Most_from_Tender_Jun2018_EN.pdf) and the “Model non-collusion clauses and non-collusive tendering certificate” (https://www.compcomm.hk/en/media/press/files/Model_Non_Collusion_Clauses_and_Non_Collusive_Tendering_Certificate_Eng.pdf) published by the CC.

4.7 Handling of equipment

4.7.1 Record-keeping

The successful applicant shall keep an equipment register to account for all asset, equipment, instrument or machinery listed in the approved project proposal which are purchased with the grant. Equipment shall be listed out in the equipment register in sequence of the date of purchase. The following information of the equipment shall also be provided:

- description of the equipment with details on the brand, model and serial number;
- number of items, unit cost and total cost;
- supplier's invoice number; and
- location of the equipment.

A standard form of the equipment register can be obtained from the Secretariat or downloaded at www.smefund.tid.gov.hk/tsf/eng. A copy of the equipment register signed by the project coordinator or deputy project coordinator shall be submitted to the Secretariat together with the Progress/Final Reports (as set out under paragraphs 5.1(A) & (B)).

4.7.2 Risk in and title to equipment

The risk in the equipment (e.g. loss, damages, liabilities, etc.) shall vest in and remain with the successful applicant as and when it passes upon procurement and/or leasing of the equipment by the successful applicant.

The title of the equipment purchased for the project shall be held by the successful applicant. That notwithstanding, if required by the Government, the successful applicant shall, during the project duration and the 3 months thereafter, dispose of the equipment at market price or make other arrangements for disposal in accordance with the procedure agreed by the Government. The successful applicant shall credit the sale proceeds to the project account and return it to the Government together with the residual funds (see paragraph 4.9).

During the project duration:

- (A) The successful applicant shall be responsible for the maintenance of the equipment in serviceable condition (fair wear and tear excepted);
- (B) The successful applicant shall, at its own cost, purchase another equipment of the same model number or a similar

equipment subject to prior written approval of DGTI if equipment of the same model number is not readily available in the market, to carry out and complete the project in the event that the equipment originally purchased with the grant is no longer serviceable due to whatever reasons;

- (C) The successful applicant shall not sell, lease, mortgage, charge or create any encumbrance over, or otherwise part with possession of, such equipment; and
- (D) The successful applicant shall place on each such equipment clear marks indicating that it is funded by the Government and shall not remove, obscure or delete such marks.

4.7.3 Site-visit

The Government may, upon reasonable notice during the project duration, request the successful applicant to arrange a site visit to validate the existence of the equipment purchased under the project.

4.8 **Hiring of project staff**

In recruiting staff for the project, the successful applicant shall abide by the principles of openness, fairness and competitiveness, and shall follow the General Guidelines on Staff Recruitment at Annex to this Guide. The Guidelines can also be downloaded at www.smefund.tid.gov.hk/tsf/eng.

4.9 **Return of residual funds**

Upon the expiry or termination of the project agreement or the completion of the project, whichever is earlier, the successful applicant shall return to the Government any residual funds⁸ within 1 month after submission of the final audited account of the project.

DGTI may initiate legal action for suitable remedies in case of delay in the return of residual funds to the Government.

⁸ The formula for calculating the residual funds is:
TSF grant + Contribution from the successful applicant and sponsors (if any) + Project income (including interest) – Actual project expenditure or Project expenditure as set out in the approved budget, whichever is the less.

5. Reporting requirement

5.1 Progress/Final Report

To facilitate monitoring and evaluation of the project, the successful applicant will be required to submit the following Progress/Final Reports:

(A) Progress Report

For a project with implementation period not exceeding 2 years (with the exception of projects mentioned in paragraph 4.1(A)), the successful applicant shall submit a Progress Report (together with the audited account) to DGTI not later than 2 months after the end of the reporting period specified in the project agreement.

For a project with implementation period exceeding 2 years, the successful applicant shall submit the first Progress Report (together with the audited account) to DGTI not later than 2 months after the end of the first reporting period specified in the project agreement. The second Progress Report (together with the audited account) shall be submitted not later than 2 months after the end of the second reporting period specified in the project agreement.

(B) Final Report

For all projects, the successful applicant shall submit a Final Report covering the period from the project commencement date to the project completion date or the expiry or termination date of the project agreement (together with the final audited account as set out under paragraph 4.5.1(C)) within 3 months after completion of the project, or the expiry or termination of the project agreement, whichever is earlier. Among other things, the report should set out quantifiable results of the project deliverables.

5.2 Post-Project Evaluation Report

To facilitate evaluation of the project, the successful applicant should conduct surveys to collect feedback from enterprises participating in project activities. The successful applicant shall submit a Post-Project Evaluation Report within 6 months after completion of the project, reporting on its efforts in publicising the project deliverables, and providing quantitative assessment on the feedback of the participating enterprises on the project deliverables, including the results of the surveys conducted in project activities.

The Secretariat will assess the effectiveness of the project by comparing the project deliverables against its original objectives and targets as set

out in the approved project proposal. The Final Report and the Post-Project Evaluation Report will be submitted to the Vetting Committee for consideration and comments. If necessary, the successful applicant may be invited to attend activities to present the project deliverables or share its experience.

Each completed project will be evaluated and rated, and unsatisfactory rating may affect the future chance of the successful applicant or the project team in obtaining the TSF grant.

6. Administrative highlights

6.1 Contractual requirements

The successful applicant shall be required to sign a project agreement prepared by the Government and to comply with all the terms and conditions of the project agreement, this Guide and the directives and correspondences issued by DGTI from time to time in respect of the project in order to obtain the grant. The project agreement will cover the additional obligations, undertakings and indemnity of the successful applicant, the payment of the grant, treatment of intellectual property rights, conflict of interest and governing law and jurisdiction, etc. Under no circumstances would the Government be required to indemnify an applicant, whether a successful applicant or otherwise, or any employees, agents, servants or associates of the applicant. Nothing in the TSF scheme or the project agreement will render an applicant, whether a successful applicant or otherwise, an employee, agent, servant or associate of the Government.

6.2 Prior approval requirements

An approved project has to be carried out strictly in accordance with the project agreement. Any modification, amendment or addition to the project or the project agreement, including but not limited to change of project duration, project scope, budget or cash flow projection, or replacement of the project coordinator or deputy project coordinator, shall require prior written approval by DGTI.

6.3 Suspension or termination of funding support

The Government reserves the right to suspend or terminate, after consultation with the Vetting Committee, funding support for a project. Circumstances which warrant suspension or termination of funding support may include: a lack of satisfactory progress or a slim chance of completion of a project, the objectives and relevance of the project have been overtaken by events, a breach of the terms and conditions of the project agreement, the successful 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 DGTI sees fit to terminate the project in public interest because of changing circumstances. The successful applicant may have to return all/part of the grant together with all administrative, legal and other costs and interest (regardless of whether the successful applicant has already spent the grant or not).

6.4 Intellectual property rights (IPRs) and the use of project materials

All IPRs in the project materials shall be and remain vested in the successful applicant immediately upon creation. The successful applicant shall grant for the benefits of the Government, its authorised users, assigns and successors-in-title an irrevocable, non-exclusive, worldwide, perpetual, royalty-free, transferable and sub-licensable licence (i) to make copies of the project materials, (ii) to issue copies thereof to the public, (iii) to make available copies thereof to the public (whether through the Internet or otherwise), (iv) to make adaptation thereof and (v) to broadcast, include in a cable programme service, perform, show and play the same in public in whole or in part, and in any manner and forms, and for any purposes.

The successful applicant shall make available the project deliverables to the enterprises specified in the approved project proposal and may charge the recipients a fee for receipt or use of the project deliverables in accordance with paragraph 1.4 above. The successful applicant shall ensure that enterprises will have equal access to the project deliverables on equal terms. Exclusive use of the project deliverables is not allowed unless otherwise approved in writing by DGTI. The sponsors, if so approved in writing by DGTI, may have priority use of the project deliverables.

The successful applicant shall make the project deliverables widely available to enterprises through workshops, seminars, publications, etc.

6.5 Acknowledgement of support and disclaimer

Acknowledgement of the funding support as approved in writing by DGTI must appear on all equipment, facilities, publicity or media events related to a project funded by the TSF or in publications arising from the project.

The following disclaimer should also be included in all publications and media events related to a project funded by the TSF:

“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 Vetting Committee of the Trade and Industrial Organisation Support Fund.”

6.6 Assignment

- 6.6.1 Except as provided in paragraph 6.6.2 below, the successful applicant shall not assign, transfer, sub-contract or otherwise dispose of any or all of its interests, rights, benefits or obligations under the project agreement.
- 6.6.2 Subject to the prior written approval of the Government, the successful applicant may assign, transfer or otherwise dispose of any or all of its interests, rights, benefits or obligations under the project agreement and shall observe all terms and conditions to the approval as the Government may impose, which may include without limitation to the following:
- (A) Upon the Government’s request, the successful applicant shall immediately transfer or assign free of charge all the equipment purchased under the grant, the project materials and all the IPRs in the project materials; and
 - (B) The successful applicant shall return all residual funds to the Government immediately upon such assignment, transfer or disposal.

6.7 Handling of information

TID is 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 TSF will be used by TID or its authorised agents for activities relating to:

- (A) the processing and authentication of applications for grant, if any, payment of grant under the TSF 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 authorised by the applicant/data subject.

If necessary, TID 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 TID 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 TID is inaccurate, a request for correction of the personal data may be made in writing after a data access request has been complied with. Requests for access to personal data submitted under TSF applications can be made in writing on the Data Access Request Form issued by the Privacy Commissioner (No. OPS003), which can be downloaded from the website (www.tid.gov.hk/english/aboutus/form/publicform/others/index.html#ops003), or obtained from TID's Integrated Customer Service Centre (Address: Room 1324, Trade and Industry Tower, 3 Concorde Road, Kowloon City, Hong Kong).

6.8 Indemnity

The successful applicant shall indemnify and keep indemnified each of the Government, its employees and authorised persons fully and effectively indemnified against (i) all action, claims (whether or not successful, compromised, settled, withdrawn or discontinued) and demands threatened, brought or established against 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 project agreement by the successful applicant, the wilful misconduct, default, unauthorised act or wilful omission of the successful applicant, or any allegation or claim that the use, operation or possession of the project materials or the exercise of any rights granted under the project agreement infringes any IPRs of any persons.

6.9 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 the Secretariat or any member of the Vetting Committee 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 successful applicant liable for any loss or damage, which the Government may sustain.

6.10 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.

7. Enquiries

Enquiries regarding the TSF can be addressed to the Trade and Industrial Organisation Support Fund Secretariat:

Address	: 15/F, Trade and Industry Tower
	3 Concorde Road, Kowloon City, Hong Kong
Telephone No.	: 2398 5128
Fax No.	: 2391 7375
Email Address	: tsf_enquiry@tid.gov.hk
Webpage	: www.smefund.tid.gov.hk/tsf/eng
Opening Hours	: Monday to Friday
	8:45 am – 12:30 pm
	1:30 pm – 5:45 pm
	Saturday, Sunday and
	Public Holidays
	Closed

August 2023

Trade and Industrial Organisation Support Fund General Guidelines on Staff Recruitment

[These guidelines should be read and adhered to by the successful applicant, project coordinators and any other parties handling projects funded by the TSF.]

Introduction

These guidelines deal with the adoption of a system of staff recruitment where additional staff is employed to carry out projects under the Trade and Industrial Organisation Support Fund (TSF). They serve as a ready reference for the successful applicant who is allocated with any grant from the TSF. The main principles in staff recruitment are openness, fairness and competitiveness.

Staff Recruitment

2. The successful applicant shall appoint a member from its organisation as the project coordinator to oversee and lead the project. As a general rule, no reward in the form of cash allowance to the project coordinator is permitted. Project managers, consultants, engineers or other professionals and personnel outside the organisation may be recruited to help with the implementation of the project under the TSF as stipulated in the project proposal by adopting a credible recruitment procedure. To ensure fairness, staff shall be recruited through an open and competitive system. A gist of the recruitment procedures is at the **Appendix** for reference.

Conflict of Interest

3. Any staff member taking part in a recruitment exercise (e.g. acting as a recruitment panel member) shall be required to declare any conflict of interest and refrain from participating in the selection process if a candidate under consideration is his/her family member, relative or close personal friend. Please note that failure to avoid or properly handle conflict of interest situations may give rise to criticism of favouritism, abuse of authority and even allegations of corruption. The Government reserves the right to recall the grant in full should any irregularities or criminal elements are discovered after the disbursement of grant to a successful applicant.

Reference Material

4. The Independent Commission Against Corruption (ICAC) has published a booklet “Staff Administration” providing organisations with information on good practices on staff recruitment procedures. Successful applicants are advised to download the booklet (https://cpas.icac.hk/EN/Info/Lib_List?cate_id=3&id=220) for reference and contact the Corruption Prevention Advisory Service of ICAC (Tel: 2526 6363) in case of enquiries.

*Trade and Industrial Organisation Support Fund Secretariat
Trade and Industry Department
August 2023*

Staff Recruitment Procedures

- Job vacancies shall be widely advertised in local newspapers and/or other channels.
- The advertisement shall set out clearly the job descriptions and requirements, and other essential information such as the application deadline and the contact point for enquiries.
- All applications received shall be systematically recorded.
- Shortlisting for interview shall be based on specified criteria.
- If practicable, a recruitment panel shall be formed to conduct selection interviews and skill tests as necessary.
- A standard assessment form shall be devised to record assessment by individual panel members.
- Assessment of candidates and recommendations of panel members shall be properly documented.
- Approving authority for the staff appointment shall be defined clearly.
- A two-tier approval system (including one tier to recommend and one tier to approve) for hiring key personnel (e.g. project managers) shall be established, with supporting documents showing that the recruitment process is fair, open and based on merits.