



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 (Enterprise Support Programme)



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



Hong Kong
Productivity Council
香港生產力促進局



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1. GENERAL

1.1 Background

To help Hong Kong enterprises capture the opportunities arising from the National 12th Five-Year Plan, the Chief Executive announced in the 2011-12 Policy Address the proposal to set up a dedicated fund of \$1 billion to assist them in exploring and developing the Mainland market through developing brands, upgrading and restructuring their operations and promoting domestic sales in the Mainland. With the approval of funding by the Finance Committee of the Legislative Council in May 2012, the Hong Kong Special Administrative Region Government (the Government) set up the “Dedicated Fund on Branding, Upgrading and Domestic Sales” (the BUD Fund) in June 2012.

The BUD Fund comprises two parts, namely the Enterprise Support Programme and Organisation Support Programme. The former provides funding support for individual Hong Kong enterprises to assist them in undertaking projects to develop brands, upgrade and restructure their business operations and promote sales in the Mainland market. The latter provides funding support for non-profit-distributing organisations (e.g. trade and industrial organisations, professional bodies, research institutes, etc) to undertake projects which can assist Hong Kong enterprises in general or in specific sectors in developing their brands, upgrading and restructuring their business operations and promoting domestic sales in the Mainland.

The Government has engaged the Hong Kong Productivity Council (HKPC) as the partner to act as the Programme Secretariat to assist in implementing the Enterprise Support Programme. The Trade and Industry Department implements the Organisation Support Programme.

This Guide to Application applies to the Enterprise Support Programme of the BUD Fund (hereafter referred to as “the Programme”). For details of application relating to the Organisation Support Programme, please refer to the Guide to Application for the BUD Fund (Organisation Support Programme) issued by the Trade and Industry Department at the following website: www.bud.tid.gov.hk.

1.2 Objective of the Programme

The objective of the Programme is to provide funding support for individual Hong Kong enterprises to undertake projects to develop brands, upgrade and restructure their business operations and promote sales in the Mainland market, so as to enhance their competitiveness and facilitate their business development in the Mainland market.

1.3 Scope of the Programme

The Programme covers three areas, namely (i) branding; (ii) upgrading and restructuring; and (iii) domestic sales. Some examples that fall within the scope of these areas are as follows:

Branding

- (A) Brand Strategy and Positioning – corporate brand visioning, product and service planning;
- (B) Brand Building, Design and Communication – brand identity and personality development, rebranding;
- (C) Brand Management – brand assessment, brand protection; and
- (D) Brand Tracking – brand equity research and brand sustainability study.

Upgrading and Restructuring

- (A) Business Model Upgrading & Restructuring – from Original Equipment Manufacturing (OEM) to Original Design Manufacturing (ODM) and/or Own Branding & Manufacturing (OBM);
- (B) Product Innovation and Repositioning – product strategy, new product development;
- (C) Material Management – supply chain planning and execution;
- (D) Technology Upgrading – manufacturing technology upgrading, process and business automation;
- (E) Management Upgrading – world-class management system, business process re-engineering, quality improvement; and
- (F) Logistics Management – warehouse management, fleet management and distribution management.

Domestic Sales

- (A) Domestic Sales Strategic Planning – visioning process and strategy formulation;
- (B) Domestic Sales Business Operation Management – operation transformation;
- (C) Domestic Sales Channel Management – marketing strategy and research, sales and distribution development;
- (D) Domestic Sales Team Formation and Management – staff development, and performance management.

More detailed elaborations of the scope of branding, upgrading and restructuring and domestic sales are at **Annex 1**.

1.4 Types of Projects

- 1.4.1 Any projects falling within the scope of the Programme that assist individual Hong Kong enterprises in exploring and developing the Mainland market are eligible for applying for funding support under the

Programme. All applications have to be supported by a holistic business plan to show how the proposed measures can enhance the competitiveness of the applicants and facilitate their business development in the Mainland market. Applicants may also apply for funding support under the Programme to engage qualified service providers to help develop the holistic business plans.

- 1.4.2 Projects/specific measures in the projects which have received/would receive other sources of funding support provided by the Government or the Mainland authorities, or other sources of sponsorships/donations will not be eligible for funding support under the BUD Fund. Applicants have to declare in their applications that the proposed projects/specific measures have not received such other sources of funding support and are not applying for such funding support at the time of application.
- 1.4.3 Ongoing projects being undertaken by individual enterprises are not eligible for funding support under the Programme 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.

1.5 Funding Amount and Principles

- 1.5.1 Funding would be provided on a matching basis, i.e. the Government will cover a maximum of 50% of the total approved project cost and the enterprise has to contribute no less than 50% of the total approved project cost in cash. The cumulative funding ceiling per enterprise under the Programme is \$500,000.
- 1.5.2 Related enterprises, i.e. enterprises registered as different businesses under the Business Registration Ordinance (Chapter 310) but having the same individual(s) holding 30% or more ownership, 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 \$500,000). Applicants are required to declare in the application form as to whether any of their related enterprises have applied for or received funding support under the Programme at the time of application.
- 1.5.3 During the tenure of the Programme, funding support will be granted to each enterprise for a maximum of three approved projects.
- 1.5.4 Each approved project should be completed within 24 months.

1.6 Application Period

Subject to the funding balance, the Programme will be open for applications for five years starting from 25 June 2012.

2. ELIGIBILITY

2.1 Eligibility of Applicants

2.1.1 All non-listed enterprises¹ registered in Hong Kong under the Business Registration Ordinance (Chapter 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 Mainland. A shell company or an enterprise having most of its main business operations outside Hong Kong will not be regarded as having substantive business operations in Hong Kong.

2.1.2 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 2**.

2.2 Eligibility of Qualified Service Providers

2.2.1 If the applicant requires external expertise to help develop the holistic business plan required for the application under the Programme as mentioned in paragraph 1.4.1, it may apply for funding under the Programme to engage a service provider complying with the following qualification requirements at the time of application for the purpose:

- (A) having registered in Hong Kong under the Business Registration Ordinance (Chapter 310) for at least one year, or being a statutory organisation in Hong Kong;
- (B) having at least one principal possessing five years or more practical experience of providing consultancy services related to branding, upgrading and restructuring and/or domestic sales for enterprises in Hong Kong or the Mainland; and
- (C) having completed at least five projects in branding, upgrading and restructuring and/or domestic sales at the time of application.

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

The principal must be actively engaged in the consultancy study throughout the whole study period. The above requirements may be subject to review and revision from time to time.

- 2.2.2 When submitting an application, the applicant is required to provide supporting documents proving the fulfillment of the qualification requirements set out in paragraph 2.2.1 by the service provider to be engaged for drawing up the holistic business plan, including the registration document of the service provider, work experience of the principal engaged, the relevant reference projects, etc. Engagement of the qualified service provider by the applicant has to follow the procurement procedures set out in paragraph 5.6.
- 2.2.3 Service provider(s)/consultant(s)/contractor(s) to be engaged by the applicant for project implementation other than the drawing up of holistic business plans are not required to meet the qualification requirements set out in paragraph 2.2.1.

3. APPLICATION

3.1 Application Submission

- 3.1.1 Applications for the Programme are accepted all the year round.
- 3.1.2 To apply for the Programme, the applicant should complete the Application Form for the Enterprise Support Programme.
- 3.1.3 If the proposed project seeks to develop a holistic business plan for the applicant, the applicant should identify and engage a qualified service provider to undertake the project. In identifying a suitable service provider that meets the qualification requirements set out in paragraph 2.2.1, the applicant may draw reference from the Qualified Service Provider Reference List mentioned in paragraph 2.3. In engaging the qualified service provider to undertake the project, the applicant should enter into a service contract with the service provider. There is no standard format or terms and conditions for such service contract under the Programme. It is up to the parties concerned to enter into a service contract setting out mutually agreed and binding terms covering the delivery of the project.
- 3.1.4 Copies of the Application Form can be obtained at the Programme Secretariat or downloaded from the website of the Programme (www.bud.hkpc.org). The Application Form is available in English and Chinese and may be completed in either language. No application fee will be charged.
- 3.1.5 The following documents are required to be submitted for an application under the Programme:
 - (A) Duly completed and signed application form, with a soft copy (preferably in MS Word format) - stating the company information of the applicant, information on the proposed project, including project title, objective, methodology, schedule, budget, deliverables, expected benefits to be brought about to the applicant and Hong Kong economy, etc.

Besides, the applicant has to set out in the application form its holistic business plan for exploring and/or developing the Mainland market (not applicable to projects seeking to develop holistic business plans). The plan should set out the medium to long-term development roadmap (say, three to five years) for the applicant to develop their Mainland business in the areas of branding, upgrading and restructuring and/or domestic sales, including the business challenges/opportunities, business goal, business strategy, key initiatives in different phases, key milestones, etc.

For projects which seek to develop holistic business plans for the applicants to explore and/or develop the Mainland market, the company information of the service provider also has to be provided in the application form.

(B) Registration and supporting documents of the applicant –

- (i) Business Registration Certificate;
- (ii) documentary evidence showing the personal details of owners/shareholders holding 30% or more ownership (e.g. Form 1(a) of the Business Registration Office, Annual Return of the Companies Registry (Form AR1), etc); and
- (iii) documentary evidence proving that the applicant has substantive business operations in Hong Kong (see **Annex 2** for examples of the documents that may serve as the relevant proof).

(C) For projects which seek to develop holistic business plans for the applicants to explore and/or develop the Mainland market: Registration and supporting documents of the qualified service provider –

- (i) Business Registration Certificate; and
- (ii) documentary evidence showing that the service provider to be engaged for drawing up the holistic business plan meets the qualification requirements set out in paragraph 2.2.1.

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

3.1.6 The completed application form (including the holistic business plan (if applicable)) together with the supporting documents set out in paragraph 3.1.5 should be sent to the Programme Secretariat in person, by post or electronically (Address: Reception Counter, G/F, HKPC Building, 78 Tat Chee Avenue, Kowloon, Hong Kong). If the application is submitted in person, the applicant shall put the application form and supporting documents in the “BUD Fund (Enterprise Support Programme) Applications Collection Box”. If the application is submitted electronically, the applicant shall submit the softcopy of the application form and the supporting documents mentioned above, via internet e-mail to the Programme Secretariat’s email address at bud_sec@hkpc.org (The e-Cert (Organisational) certificate of bud_sec@hkpc.org can be downloaded from Hongkong Post website).

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

3.2 Application Processing

- 3.2.1 Applications will be processed by batches around every two to three months. Applicants should pay attention to the cut-off date of each batch of applications which will be announced at the website of the Programme (www.bud.hkpc.org). Any applications received by the Programme Secretariat 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.

3.3 Resubmissions

An application that has been rejected may be resubmitted only if it has been revised substantially or it is supported by new evidence to address the comments made by the Programme Management Committee (PMC) and/or Government in previous vetting. A resubmitted application will be treated as a new application and will be subject to the same assessment procedures as set out in paragraph 4.1.

3.4 Withdrawals

The applicant may write to the Programme Secretariat to withdraw an application at any time before the funding agreement is signed between the applicant and Programme Secretariat.

4. ASSESSMENT AND VETTING

4.1 Assessment Procedures

Applications received will be assessed according to the following procedures:

- (A) the Programme Secretariat 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 departments², will assess all applications having regard to the results of the initial assessment by the Programme Secretariat. The IDC will formulate its recommendations on the approval or otherwise of the applications, the amount to be granted and the terms and conditions for approving the grant, for consideration by the PMC.
- (C) the PMC, chaired by a senior government official and comprising ex-officio members and non-official members drawn widely from the trade, will further assess all applications having regard to the recommendations of the IDC. Based on the advice of the PMC, the Government would approve or

² Such as the Trade and Industry Department, Innovation and Technology Commission, Environmental Protection Department, Create Hong Kong and Information Services Department.

otherwise the applications.

4.2 Assessment Timetable

The PMC will usually meet once every two to three months for assessing the applications and the Programme Secretariat will inform the applicants of the outcome in writing.

4.3 Vetting Criteria

4.3.1 All applications would be vetted by the Programme Secretariat, 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 Mainland through branding, upgrading and restructuring and/or domestic sales;
- (B) the project should have good prospects of creating, improving and sustaining the competitive advantage of the applicant enterprise or its product/service in the Mainland;
- (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 the Mainland market. While some actions may not be implemented in the Mainland, the applicant has to show that such actions form part of the holistic business plan of entering or developing the Mainland market;
- (E) the implementation plan of the project should be clear and reasonable;
- (F) the project should have a reasonable budget with itemised cost breakdown and detailed justifications of costs and expenses; and
- (G) the applicant enterprise and/or service provider(s) to be engaged for implementing the project are reasonably expected to be capable of carrying out the project, and the applicant enterprise of providing the required cash contribution for the project.

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 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.

4.3.3 The Government aims to ensure a balanced mix of projects covering the three areas of branding, upgrading and restructuring and promoting domestic 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 For projects to be implemented by the applicant enterprises in their factories/firms (whether they are legal entities) in the Mainland, the business relationship between the applicant (being a Hong Kong enterprise) with the factory/firms concerned will be taken into account in the vetting process:

- (A) whether the applicant enterprise is the business owner of the factory/firm in the Mainland;
- (B) whether the capital of the factory/firm comes from the applicant enterprise; and
- (C) whether and if so, to what extent the businesses of the Hong Kong enterprise and the factory/firm are related to each other.

The applicant (i.e. Hong Kong enterprise) has to submit relevant documentary proof at the time of application.

4.3.5 The Government may review and revise the above vetting criteria from time to time as appropriate.

4.4 Avoidance of Conflict of Interest

To avoid conflict of interest, IDC and PMC members 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 discussion on the relevant application.

4.5 Notification of Results

4.5.1 The Programme Secretariat will notify the applicant of the assessment result once the Government has made the decision having regard to the recommendation of the PMC. The reason 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 Details of the application form based on the advice of the PMC and/or Government. The initial payment for an approved project will be granted to the applicant upon the signing of a funding agreement between the applicant and the Programme Secretariat as referred to in paragraph 7.1. The approved Project Details and this Guide will be

appended to and form part of the funding agreement.

5. FUNDING ARRANGEMENT/FINANCIAL MANAGEMENT

5.1 Disbursement of Grant

5.1.1 All funding disbursement by the Programme Secretariat in respect of approved projects is to be made on a matching basis. Depending on the project duration, the arrangement for disbursement of fund is as follows:

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)
18 months or below	2	25%	Not Applicable	75%*
More than 18 months and up to 24 months	3	25%	25% at maximum, subject to project progress and actual expenditure	Balance of approved Government funding*

* Subject to the actual expenditure incurred upon project completion.

5.1.2 The initial payment for an approved project will only be made to the applicant upon signing of the funding agreement mentioned in paragraph 7.1 and production of evidence showing due contribution of funds by the applicant on a matching basis (i.e. 25% of total approved project cost borne by the applicant) to the project account mentioned in paragraph 5.3.1.

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 when the following report and accounts are accepted by the PMC and Government:

- (a) the second half-yearly 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 and Government having regard to the progress and actual expenditure of the project against the approved project schedule and budget, and in any event no more than 25% of the total approved funding borne by the Government.

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

- (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.

5.1.5 The Government reserves the right to withhold disbursement of any part of funding support to an applicant if the applicant fails to comply with the terms and conditions stipulated in the funding agreement. Under such circumstance, the Programme Secretariat will inform the applicant of the reason for withholding payment.

5.1.6 The applicant is not entitled to charge any interest or claim any compensation or relief of whatsoever nature against the Programme Secretariat or Government for any payment made on a reimbursement basis or in the event of any withholding of payment for any reason whatsoever.

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.

Only costs directly incurred for the proposed project should be included in the budget, such as the fee of the consulting service provided by the qualified service provider for drawing up a holistic business plan, other consultancy/contractor fees for implementing the project, the salary of additional manpower and the cost of procuring or leasing of additional machinery/equipment specifically and essentially for implementing the project, etc.

Details about the expenditure items that may be funded under the Programme are at **Annex 3**. Expenditure items that are subject to budget caps are highlighted below:

- (i) where a qualified service provider is to be engaged by the applicant to draw up a holistic business plan, any sub-contracted consultancy fee should not exceed 50% of the fee payable to the qualified service provider;
- (ii) the salary of the additional manpower directly incurred for the project should not exceed 50% of the total budgeted expenditure for the project. Only the salary of employee(s) newly recruited for new post(s) established for the purpose of the project would be funded;
- (iii) the cost of procuring or leasing of additional machinery/equipment (including computer software) specially and essentially for implementing the project should not exceed 50% of the total budgeted expenditure for the project;
- (iv) advertising costs, including the costs incurred in placing advertisements in any commercial advertising media (e.g. newspapers, magazines, television, radio, internet, billboard/poster advertising, etc) should not exceed 50% of the total budgeted expenditure for the project;
- (v) travelling expenses, where relevant and justified, should not exceed 20% of the total budgeted expenditure for the project;
- (vi) patent/trademark registration fees directly related to the project should not exceed \$100,000 or 90% of the total direct costs involved in patent/trademark applications, whichever is the less; and
- (vii) external audit fees for approved projects should not exceed \$10,000 per audit.

(B) Expenditure that will not be funded

As a matter of principle, funding provided by the Government should not be used to subsidise the normal operating expenses of the applicant. Accordingly, daily or routine operating expenditures of the applicant (e.g. salary of existing employee(s), general administrative and office expenses, etc) will not be funded.

Unless otherwise expressly approved by the Government, the funding provided by the Government should not be used to cover unallowable cost which include but are not limited to office rental/renovation expenses, utility expenses, entertainment expenses, meal expenses, capital financing costs of mortgages, interest loans or overdrafts, etc, credit assurance fee for transactions, legal fees associated with legal actions such as those

against trademark infringement, payment of tax, and unspecified costs (miscellaneous, sundry, contingency expenses, etc).

5.2.2 Contribution from the Applicant

The applicant shall be responsible for at least 50% of the total approved project expenditure in cash.

5.3 Account and Interest

- 5.3.1 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 project funds (the grant under the Programme and cash contribution by the applicant) should be deposited into the project account. All payments exclusively applied to the project for which they are paid shall be paid out from the project account. All project funds shall be kept in the project account by the applicant until such funds are spent (paid) in compliance with the funding agreement or returned to the Programme Secretariat by the applicant in accordance with the funding agreement.
- 5.3.2 The applicant shall ensure that all interest generated from the project account shall be reflected in the financial statements and audited accounts of the project, and has to be kept in the project account.
- 5.3.3 The applicant may be required to compensate the Government for loss of interest income if the project funds are not properly handled in accordance with paragraph 5.3.1 above.

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 approved budget) 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. 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 the Programme Secretariat or 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, the Programme Secretariat, 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 the Programme Secretariat, 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 the Programme Secretariat:
- (A) For projects with implementation period not exceeding 12 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 12 months,
 - (i) annual audited accounts (together with the second half-yearly 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 Programme, 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 and Government in considering future applications from the same enterprise or the project team. Any such record may prejudice that enterprise's future applications under the Programme.

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 approved budget, the required accounts shall be audited by an independent auditor who must be either Certified Public Accountants or Public Accountants registered under the Professional Accountants Ordinance (Cap. 50) (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 the Programme Secretariat in conducting audits and preparing auditors' report for each project. The engagement letter shall also specify that the Programme Secretariat, 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 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 exceed HK\$50,000, the applicant shall invite at least two suppliers/service providers/consultants/contractors or lessors for written quotations and accept the lowest bid. Full justifications must be given if less than two suppliers/service providers/consultants/contractors or lessors could be identified from the market. If the lowest bid is not selected, prior written consent must be obtained from the Programme Secretariat and full justifications must be given.
- (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\$50,000 but does not exceed HK\$1.43 million, the applicant shall invite at least five suppliers/service providers/consultants/contractors or lessors for written quotations and accept the lowest bid. Full justifications must be given if less than five suppliers/service providers/consultants/contractors or lessors could be identified from the market. If the lowest bid is not selected, prior written consent must be obtained from the Programme Secretariat and full justifications must 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 exceeds HK\$1.43 million, the applicant shall use open and competitive tender procedures. Channels which are easily accessible by the general public shall be used to publicise the tender notices.

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, Consultants and Contractors

In engaging service provider(s)/consultant(s)/contractor(s) for implementing the projects approved under the Programme (including, inter alia, the engagement of qualified service providers to draw up holistic business plans for the purpose of the Programme), the applicant should not engage a service provider/consultant/contractor the owners, shareholders, management of which are the owners, shareholders, management or their relatives of the applicant enterprise.

5.8 Risk and Title to Equipment

The full legal and equitable title and interest in any piece of the equipment funded under the Programme 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 Hiring of Project Staff

In recruiting staff for the project, the applicant shall abide by the principles of openness, fairness and competitiveness, and shall follow the General Guidelines on Staff Recruitment at **Annex 4** to this Guide.

5.10 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 Programme Secretariat no less than 50% of any residual funds³ within one month after submission of the final audited accounts of the project, and provide any accounting thereof.

The Programme Secretariat or Government may initiate legal action for suitable remedies in case of delay in the return of residual funds to the Programme Secretariat.

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 the Programme Secretariat 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
12 months or below	Not required	Within two months upon project completion

³ The formula for calculating the Residual Funds is:
Government payment effected under the Enterprise Support Programme + Contribution from the applicant on a matching basis + Other receipts (including Interest) – Actual project expenditure or Project expenditure as set out in the approved budget, whichever is the less

Project Duration	Submission of Progress Report and Annual Audited Accounts	Submission of Final Report and Final Audited Accounts
More than 12 months and up to 24 months	<p>Progress report every six months, to be submitted within one month after the relevant six-month period</p> <p>Audited accounts for the first 12 months, to be submitted within one month after the relevant 12-month period</p>	Within two months upon project completion

6.1.2 Only projects with duration over 12 months require the submission of progress reports (and annual audited accounts as referred to in paragraph 5.5.1) until project completion or the expiry or termination of the relevant funding agreements to the Programme Secretariat. Each progress report should cover six months and should be submitted within one month after the relevant six-month period. It should include a summary of the project progress against the project schedule set out in the Project Details of the application form appended to the funding agreement as well as a statement of income and expenditure for the reporting period. It should also include any work, deliverables and benefits that have been completed and achieved during the reporting period, the difficulties and problems encountered as well as any remedial and improvement actions planned and undertaken. The progress reports submitted should be signed by the project coordinator and endorsed by the senior management of the applicant.

6.1.3 Applicants of all approved projects are required to submit final reports (and final audited accounts as referred to in paragraph 5.5.1) covering the period from project commencement date to the project completion date or the expiry or termination date of the funding agreement to the Programme Secretariat within two months after project completion or expiry or termination of the funding agreement. Each final report should include a summary of the work and deliverables completed and the benefits achieved under the project as well as a statement of income and expenditures against the objectives, deliverables and budget of the project as set out in the Project Details of the application form appended to the project agreement. It should also contain an evaluation of the project results, including an account of any unresolved issues, and set out the number of additional staff employed in Hong Kong and other places for implementing the project, the number of additional staff to be employed in Hong Kong as a result of better business development in the Mainland arising from the project,

and the products/services of other Hong Kong enterprises that have been used or engaged in implementing the project. The final report submitted should be signed by the project coordinator and endorsed by the senior management of the applicant.

6.1.4 The Programme Secretariat will review the project progress and evaluate the project results by comparing the project progress/deliverables reported in the progress/final reports against its original objectives and deliverables as set out in the Project Details of the application form appended to the funding agreement. The applicant should immediately provide clarification and additional information on the contents of the progress/final reports upon request of the Programme Secretariat and/or the Government. The Programme Secretariat may conduct on-site checking to verify the project progress and results for individual projects. The Programme Secretariat and 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 IDC and PMC for consideration and to the Government for endorsement. Late submission of the progress/final reports may lead to suspension or termination of the funding support for the project.

6.2 Report Resubmissions

6.2.1 In case a progress/final report is rejected by PMC and/or the Government, the applicant should resubmit the progress/or final report within one month after the relevant notification by the Programme Secretariat.

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 funding already disbursed by the Programme Secretariat in respect of the project.

7. ADMINISTRATIVE HIGHLIGHTS

7.1 Contractual Requirements

The successful applicant is required to sign a funding agreement with the Programme Secretariat and to comply with all the terms and conditions of the agreement, this Guide and the instructions and correspondences issued by the Programme Secretariat or the Government from time to time in respect of the project or the Programme.

7.2 Appointment of Project Coordinators

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, terms and conditions of funding and funding agreement, exercising economy and prudence in the use of funds, liaising with the Programme Secretariat and attending meetings on the project as necessary.

7.3 Prior Approval Requirements

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 duration, project scope, budget or replacement of the project coordinator or deputy project coordinator, shall require prior written approval by the Programme Secretariat or Government. Reasons with supporting documents for the changes must be provided.

7.4 Suspension or Termination of Funding Support

The Government reserves the right to suspend or terminate, after consultation with the IDC and PMC, funding support for an approved project. Circumstances which warrant suspension or termination of funding support may include but are 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, non-acceptance of those reports/accounts by the PMC and Government, a breach of the terms and conditions of the funding agreement, or if the PMC and 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 costs and interest (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 Programme 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 Programme.

7.6 Participation in Publicity and Promotional Activities

Successful applicants will be required to share the experience gained in implementing the projects approved under the Programme with other enterprises. They will need to participate in the publicity and promotional activities of the

Programme when being invited by the Programme Secretariat or 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 the Programme Secretariat or Government. The successful applicants will also need to contribute inputs/materials for publication to share their experience when being requested by the Programme Secretariat or Government. The successful applicants cannot charge fees on the Programme Secretariat or Government for participating in these activities or contributing such inputs/materials for publication.

7.7 Acknowledgement of Support and Disclaimer

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

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

“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 (Enterprise Support Programme).”

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. No less than 50% of the residual funds shall be returned to the Government upon assignment, transfer, disposal or termination of the project.

7.9 Handling of Information

The Programme Secretariat and 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 Programme will be used by the Programme Secretariat, 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 Programme 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, the Programme Secretariat 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 the Programme Secretariat 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 the Programme Secretariat 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 the Programme can be made in writing on the Data Access Request Form (No. OPS003 issued by the Privacy Commissioner), which is available at the Programme Secretariat.

7.10 Indemnity

The applicant shall indemnify and keep each of the Programme Secretariat, 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 the Programme Secretariat and/or 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 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 willful, misconduct, default, unauthorised act or willful, 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 the Programme Secretariat or any member of the IDC or 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.

8. ENQUIRIES

Enquiries regarding the Programme can be addressed to:

Address: The Secretariat
The BUD Fund: Enterprise Support Programme
3/F, HKPC Building, 78 Tat Chee Avenue,
Kowloon, Hong Kong
Telephone: (852) 2788 6088
Fax: (852) 2788 6196
E-mail: bud_sec@hkpc.org
Website: www.bud.hkpc.org

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Annex 1

**Detailed Scope of
Branding, Upgrading and Restructuring and Domestic Sales**

Branding

The scope of branding covers the development or enhancement of an enterprise's brand in respect of the product(s)/service(s) delivered in the Mainland at present or in future.

The applicant may formulate the brand strategy and implement the development/enhancement initiatives first in Hong Kong prior to entering into the Mainland market. However, the applicant must show in its holistic business plan a roadmap leading to the development and promotion of the brand of its product(s)/service(s) in the Mainland market at a later stage.

Some examples of initiatives falling within the scope of branding are set out below:

Area	Category	Projects	Deliverables
Brand Strategy and Positioning	Corporate Visioning	Identify the brand's most unique and compelling attributes by considering the critical purchasing factors of the target customer groups. Formulate brand vision, develop the brand strategy for enhancing the customers' perception of the brand as unique and memorable.	Customer/market survey Brand specification Brand vision & strategy Brand logo Brand book Survey on customers' perception of the brand
	Product and Service Planning	Identify the features and characteristics of desirable products/services for the target market segment. Formulate and implement the plan for improving the relevant products/ services or developing new	Product/service specification Product/service improvement plan Improved products/ services

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Area	Category	Projects	Deliverables
		products/services.	
Brand Building, Design and Communication	Brand Identity and Personality	<p>Define/redefine the brand personality to guide its expression.</p> <p>Implement the actions for enhancing the brand with rich visual & verbal imagery.</p> <p>Protect brand identity through intellectual property (e.g. trademark, copyright, domain) protection.</p> <p>Design and produce attractive marketing materials.</p> <p>Promote the brand through multi-media and evaluate the effectiveness of the promotion performed.</p>	<p>Brand designed/re-designed</p> <p>Brand identity</p> <p>Marketing materials</p> <p>Multi-media promotion activities</p> <p>Intellectual property search, preliminary advice and registration</p> <p>Promotion effectiveness evaluation report</p>
Brand Management	Behavioral Shaping and Customer Service	<p>Determine the behavioral model and attributes for enhancing customer experience.</p> <p>Identify the competences and skill-set of employees for servicing the target customer groups.</p> <p>Cultivate the brand culture and foster the staff and sales teams to “live the brand” .</p> <p>Establish a brand-oriented enterprise through recruitment of new staff, improvement of human capital system and performance management system, redesign of business process, organisation restructuring.</p>	<p>Behavioral model and skill-sets for customer service</p> <p>Internal and external brand building strategy and execution plan</p> <p>Brand induction and staff development programme and the programme evaluation report</p> <p>Brand-oriented human capital system and organisation</p> <p>Redesign of business process</p>

Area	Category	Projects	Deliverables
		Develop and deliver ongoing support and after-sale services to ensure widespread brand adoption.	After-sale service/support delivered

Upgrading and Restructuring

The scope of upgrading & restructuring covers the improvement initiatives for business transformation from performing low value-added operations to producing /providing high-value added products or services.

Upgrading and restructuring is not confined to that carried out in factories in the Mainland. This can be carried out for improving operations/processes in Hong Kong that will lead to business development/enhancement in the Mainland.

Some examples of upgrading & restructuring initiatives are set out below:

Area	Category	Projects	Deliverables
Product Innovation and Repositioning	New Product Development	<p>Develop novel and/or innovative products.</p> <p>Upgrade product development and design process, e.g. adoption of advanced technology or management system that encourages innovation and new ideas.</p> <p>Apply Green Design concept and technology.</p>	<p>New product developed</p> <p>New product specification</p> <p>Product evaluation report</p> <p>Product development and design procedures</p> <p>Advanced equipment/ computer system/ management system for product development & design</p>
Technology and Management Upgrading	Manufacturing Technology Upgrading	Apply advanced technology for mold making, production and testing for productivity improvement.	Advanced machinery/ facilities for mold making, production and testing

Area	Category	Projects	Deliverables
			Technology evaluation report
	Process & Business Automation	Develop hard and/or soft automation system for improving the process efficiency and quality.	Hard and/or soft automation system installed System evaluation report
	Management System Upgrading	Adopt world-class management system and/or methodology (e.g. Performance Excellence Model, Shingo Prize Management Model, Lean Six Sigma, Innovation Management Model, Stage-gate Model, M.A.K.E. Knowledge Management Model, Intellectual Property Management Model, Intellectual Capital Management Model) for performance excellence.	Management system (policy, processes, practices) adopted Performance measurement results

Domestic Sales

The scope of domestic sales covers the development and/or enhancement of effective sales activities and channels in the Mainland market.

Some examples of initiatives of promoting domestic sales in the Mainland are set out below:

Area	Category	Projects	Deliverables
Domestic Sales Start-up Planning	Visioning Process and Strategy Formulation	Identify the target market segments for domestic sales Formulate strategic plan for starting-up the domestic sales business.	Market survey Strategic plan for domestic sales

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Area	Category	Projects	Deliverables
	Licenses/ System/ Product Compliance	<p>Conduct compliance review on current licenses, system & product.</p> <p>Implement compliance solution to ensure the organisation and its products fulfill the regulatory requirements of the local Government.</p>	<p>Compliance review report</p> <p>Product specification in compliance with the regulatory requirements</p> <p>Operating procedure in compliance with the regulatory requirements</p>
Domestic Sales Business Operation Management	Operating System Transformation	<p>Restructure the organisation and re-design the business process for the new domestic sales function set-up.</p> <p>Develop software platform to monitor the performance of the Mainland operations.</p>	<p>Re-engineered organization structure and business process for domestic sales operation</p> <p>Software platform for performance monitoring</p>
Domestic Sales Team Formation and Management	Workforce Management	<p>Develop relevant human resource management system for Mainland business team (including performance management system).</p> <p>Formulate the competence model for domestic sales teams and conduct the staff development programme for enhancing the relevant skill-set.</p>	<p>Human resource management system developed</p> <p>Competence model and staff development programme</p> <p>Staff development programme evaluation report</p>

Annex 2

The Requirement of Substantive Business Operations in Hong Kong

In considering whether an applicant is having substantive business operations in Hong Kong, reference will be made to a basket of factors in respect of the applicant including:

- type of business operations in Hong Kong;
- volume/intensity/percentage of business operations in Hong Kong;
- capital investment in Hong Kong;
- number of employees in Hong Kong;
- information of customers/clients;
- duration of establishment of the enterprise at the time of funding application;
- information/assessment issued by relevant financial and professional institutions; and
- whether profits are tax assessable in Hong Kong.

To facilitate assessment on whether the enterprise is engaged in substantive business operations in Hong Kong, the applicant has to submit documentary proof for consideration as follows:

Applicant's Information	Examples of Documents
Business Operations	Business contracts, invoices, shipping documents, records of stock purchased/goods sold
Financial Information	Audited accounts, financial statement, bank statement, profit tax return and assessments issued by the Inland Revenue Department
Employees' Information	Records of contribution under the Mandatory Provident Fund Scheme or to recognised occupational retirement schemes, employment contracts

Annex 3

Expenditure Items that may be funded under the Programme

Each application has to be supported by a detailed budget with itemised breakdown of expenditure directly incurred for the purpose of the project at least on a half-yearly basis. The following items directly incurred for the project may be funded.

Item	Details
External Consultancy Fee	<p>Consultancy fee paid to the qualified service provider for the development of a holistic business plan as well as other service fees for engaging consultant(s)/contractor(s) to help implement the project may be funded.</p> <p>Fees for service providers (for developing holistic business plan) and other consultants (for implementing the project) should be calculated with reference to the estimated number of man-days multiplied by the estimated man-day rate.</p> <p>Where a qualified service provider is to be engaged by the applicant to draw up a holistic business plan, any sub-contracted consultancy fee should not exceed 50% of the fee payable to the qualified service provider.</p> <p>Engagement of service provider(s)/consultant(s)/contractor(s) by the applicant for developing holistic business plans/consultancy/project implementation has to follow the procurement procedures set out in paragraph 5.6. The applicant should not engage a service provider/consultant/contractor the owners, shareholders, management of which are the owners, shareholders, management or their relatives of the applicant enterprise.</p>
Manpower	<p>The salary of the additional manpower directly incurred for the project may be funded but should not exceed 50% of the total budgeted expenditure for the project.</p> <p>Only the salary of employee(s) newly recruited for new post(s) established for the purpose of the project would be funded.</p>

Item	Details
Equipment (including computer software)	<p>The cost of procuring or leasing of additional machinery, equipment and computer software specifically and essentially for implementing the project may be funded but should not exceed 50% of the total budgeted expenditure for the project.</p> <p>Procurement of machinery, equipment and computer software has to follow the procurement procedures set out in paragraph 5.6.</p>
Other Direct Costs	<p>Other costs directly incurred for the project may be funded, including:</p> <ul style="list-style-type: none"> (i) expense of consumables; (ii) advertising costs, including the costs incurred in placing advertisements in any commercial advertising media (e.g. newspapers, magazines, television, radio, internet, billboard/poster advertising, etc), but should not exceed 50% of the total budgeted expenditure for the project; (iii) travelling expenses, where relevant and justified, but should not exceed 20% of the total budgeted expenditure for the project; (iv) patent/trademark registration fees directly related to the project, but should not exceed \$100,000 or 90% of the total direct costs involved in patent/trademark applications, whichever is the less; and (v) external audit fees, but should not exceed \$10,000 per audit. <p>Procurement of goods and services has to follow the procurement procedures set out in paragraph 5.6.</p>

Annex 4

General Guidelines on Staff Recruitment

[These guidelines should be read and adhered to by the applicant, project coordinators and any other parties handling projects funded by the Enterprise Support Programme of the BUD Fund.]

Introduction

These guidelines deal with the adoption of a system of staff recruitment where staff is employed to carry out the Enterprise Support Programme projects. They serve as a ready reference for the applicant who is allocated with any grant from the Enterprise Support Programme. The main issues are openness, fairness and competitiveness in staff recruitment.

Staff Recruitment

The applicant shall appoint a staff member as the project coordinator to oversee and lead a Project. As a general rule, no award in the form of cash allowance to these staff is permitted. Project managers, consultants, engineers or other professionals and personnel outside the enterprise may be recruited to help with the implementation of the Enterprise Support Programme projects as stipulated in the Project Details of the application form 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

Any staff member taking part in a recruitment exercise (e.g. 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 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 an applicant.

Reference Material

The Independent Commission Against Corruption (ICAC) has published a booklet “Staff Administration” providing organisations with information on good practices on staff recruitment procedures. Copies of the booklet are available free from the Advisory Services Group of ICAC (tel. 2526 6363). The applicants are advised to obtain this booklet for reference.

Appendix to Annex 4

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.