

# **Maritime and Aviation Training Fund**

## **Guide to Application for the Logistics Promotion Funding Scheme (LPFS)**

**Effective from 8 January 2024**

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## **1. GENERAL**

### **1.1 Background**

- 1.1.1 The Government of the Hong Kong Special Administrative Region (the Government) has attached great importance to the sustainable development of the logistics industry. Under the Action Plan on Modern Logistics Development promulgated in October 2023, it is the Government’s target to accelerate the high-quality development of logistics industry and develop Hong Kong into a sustainable international smart logistics hub focusing on high-value goods and the e-commerce markets. In supporting the sustainable development of logistics industry, as announced in the 2023-2024 Budget, the Government has injected \$200 million to the Maritime and Aviation Training Fund (MATF)<sup>1</sup> to provide more dedicated funding support to strengthen manpower development and promotional efforts of the logistics industry, in addition to enhancements to other training schemes and initiatives relating to aviation and maritime industries.
- 1.1.2 The traditional logistics industry is often perceived as labour-intensive and monotonous, which has posed challenges for employers in attracting younger generation to join the industry in recent years. With a view to providing support to rebrand the modern logistics industry as “Smart, Innovative, High-end” to attract more young people to join the industry, as well as to promote the strengths of Hong Kong as an international premier logistics hub to both local and overseas companies, the Government launched the Logistics Promotion Funding Scheme (LPFS, the Scheme) on 8 January 2024 under the MATF to support and encourage organisations and professional bodies to promote the smart, innovative, high-end and professional image of the logistics industry through organisation of promotional projects.
- 1.1.3 The Scheme is overseen by the Subcommittee on Infrastructure and Promotion (hereafter referred to as “SIP”) under the Hong Kong Logistics Development Council<sup>2</sup> (hereafter referred to as “LOGSCOUNCIL”).
- 1.1.4 The Government has engaged Hong Kong Productivity Council (HKPC) as the implementation partner of the Scheme to provide Secretariat support. This Guide to Application sets out the details of the Scheme.

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<sup>1</sup> The Government established the MATF in 2014 to support the manpower development of aviation and maritime industries, so as to enhance Hong Kong’s competitiveness as an international maritime centre as well as an aviation and logistics hub.

<sup>2</sup> Established in December 2001, the LOGSCOUNCIL is a forum for the Government and industry stakeholders to advise on initiatives to promote the development of the logistics industry in Hong Kong. The LOGSCOUNCIL is chaired by the Secretary for Transport and Logistics, with non-official members who are stakeholders from a wide spectrum with diverse expertise and knowledge from the supply chain sector.

## **1.2 Objective of the Scheme**

The Scheme provides funding support to facilitate **local** promotional projects with activities highlighting modern and smart logistics conducted/organised by eligible logistics-related organisations and professional bodies in Hong Kong.

## **1.3 Scope of the Scheme**

- 1.3.1 The Scheme provides funding support to projects directly related to the promotion of modern and smart logistics to be held **in Hong Kong**, including but not limited to the organisation of award schemes, seminars, workshops, carnivals, road-show, competitions, exhibitions, conferences, production of publicity materials etc. The target participants/recipients/audience may include students, youths, members of the logistics industry (such as logistics companies and practitioners) and the general public both inside and outside Hong Kong.
- 1.3.2 Funded projects shall be non-profit making and shall tie in with the objectives of the Scheme.
- 1.3.3 Funded projects shall be for the benefit of the industry as a whole rather than for individual enterprises and/or organisations. For example, promotional activities organised by industry associations have to be opened for both member and non-member participants. Assessment on the need, viability and cost-efficiency of proposed projects would be conducted.
- 1.3.4 Funded projects shall be implemented independently without being combined or implemented in parallel with any other projects and/or activities. The applicant organisation shall seek prior consent from the Secretariat in writing should it intend to combine or implement multiple projects and/or activities in parallel.

## **1.4 Funding Amount and Principles**

- 1.4.1 Maximum funding support for each promotional project under the Scheme may cover up to 100% of approved total estimated project expenditure, which is the total expenditure incurred by the applicant organisation in carrying out the project, excluding any fundings and/or sponsorships from other sources on that particular approved project.
- 1.4.2 The actual amount of funding support will be determined on a case-by-case basis and based on the actual project expenditure incurred by the applicant organisation.
- 1.4.3 The Scheme will only provide direct and one-off financial support to

meet the cost of specified expenditure items of the approved project. Expenditures which are directly incurred for the project and featured in the approved application form within the project duration may be funded. These include:

- (a) **Manpower** – the cost of the additional manpower directly incurred for the project;
- (b) **Equipment** – the cost of leasing of additional equipment (except general office equipment) for implementing the project; and
- (c) **Other Direct Costs** – other costs directly incurred for the project, including -
  - i. cost of engaging suppliers to provide services (including event management, promotional materials design and production);
  - ii. production and promotion cost in association with the project (such as printing and production of promotional graphics, pamphlets, posters, multimedia videos, websites, placement of online/offline advertisement, etc.);
  - iii. cost of souvenirs and prizes;
  - iv. local transportation expense (by most economical means) for activity incurred by project team members that is directly related to the implementation of the project, which shall be capped at 5% of the total project expenditure; taxi fares may be reimbursed only in exceptional circumstances and justification must be given in writing;
  - v. external audit fees for implementing the project, which shall be capped at HK\$10,000 for each project; and
  - vi. trademark registration fees – trademark registration fees directly relating to the project of not more than HK\$10,000.

More detailed elaborations of the fundable expenditure items of the Scheme are at **Annex 1**.

- 1.4.4 Expenses for each category shall not exceed the cap as specified in 1.4.3. Prior and written approval shall be sought from the SIP for exceeding the limit.
- 1.4.5 Each approved project should be completed within 12 months unless otherwise approved by the SIP.
- 1.4.6 Applicant organisations are required to submit their applications at least three months before the commencement of the project unless otherwise approved by the SIP.
- 1.4.7 All items purchased, subscribed or rented or consultancy services procured with funds under the Scheme should be licensed products and should not infringe any third party intellectual property rights.

- 1.4.8 The risk in using all items purchased, subscribed or rented or consultancy services procured with funds under the Scheme will be borne by and remained with the applicant organisation.
- 1.4.9 Unless otherwise expressly approved by the SIP in advance, normal business operating costs of the applicant organisation which are not directly related to implementation of the approved project will not be funded under the Scheme, including but not limited to the following –
- (a) Rental of premises not directly related to project implementation;
  - (b) Renovation expenses;
  - (c) Utility expenses;
  - (d) General office equipment (e.g. computers, projectors and fax machines) and mobile devices (e.g. mobile phones and tablets);
  - (e) Salary for existing staffs and other related expenses including but not limited to employee's contribution to the Mandatory Provident Fund, contract gratuities, annual salary adjustment, general fringe benefits (e.g. medical), and allowances (e.g. expenses on housing, travelling, overtime), general training and development;
  - (f) Training costs;
  - (g) Insurance of existing and newly purchased equipment;
  - (h) Recurrent maintenance cost for existing and newly purchased equipment / hardware;
  - (i) Non-project related professional service fees (except for project auditing);
  - (j) Local transportation and accommodation not directly related to project implementation;
  - (k) Overseas transportation and accommodation;
  - (l) Meals and entertainment expenses;
  - (m) Cleaning expenses;
  - (n) Financing expenses (e.g. bank charges, interest payment for loans);
  - (o) Administrative overheads; and
  - (p) Any other fees which are not directly related to the implementation of the approved project.
- 1.4.10 Project which have received/would receive other sources of funding support provided by the Government will not be eligible for funding under the Scheme. Applicant organisation have to declare in their applications that the proposed project have not received such other sources of funding support and are not applying for such funding support at the time of application under the Scheme.
- 1.4.11 If the applicant organisation intends to accept sponsorship from any organisation other than that from the Scheme for the same project, prior approval must be sought from the Government in writing. If the Government considers it inappropriate for co-sponsoring activities with other organisation(s), it may cease to provide any further funding

support and require the successful applicant organisation to immediately repay all or any funds already provided to it if it decides to accept sponsorship from other organisation(s).

## **2. ELIGIBILITY**

### **2.1 Eligibility of Applicant Organisations**

- 2.1.1 Eligible applicant organisations under the Scheme should satisfy the following requirement –
- (a) Non-profit-distributing organisations<sup>3</sup>, charitable professional bodies<sup>4</sup> or non-government organisations in or related to the logistics sector in Hong Kong, such as professional bodies, trade and industry associations, academic and training institutions, research institutes or other industrial support organisations, are eligible to apply. These organisations shall either be statutory organisations or organisations duly established, incorporated and registered under the laws of the Hong Kong Special Administrative Region (HKSAR).
  - (b) The applicant organisation must be the organiser of the promotional activities in the approved project.
- 2.1.2 Joint applications submitted by two or more applicant organisations are allowed. All applicant organisations in a joint application should satisfy the requirement stipulated in paragraph 2.1.1.
- 2.1.3 The applicant organisation must maintain its eligibility as set out in paragraph 2.1 throughout the period of project implementation.
- 2.1.4 The applicant organisation should obtain prior consent of parties concerned if they are referred to in the application form.
- 2.1.5 The Secretariat reserves the rights to request additional documentary evidence from the applicant organisation for assessing its eligibility and to determine whether the applicant organisation is eligible to apply for funding support under the Scheme.
- 2.1.6 The SIP reserves at all times the right to determine whether an applicant organisation is eligible to register a promotional project

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<sup>3</sup> Non-profit-distributing organisations refer to organisations which do not distribute profits to their directors, shareholders, employees or any other persons. An applicant organisation has to declare in the application form that it has not distributed any profit generated by the applicant organisation in the past to any of its directors, shareholders, employees, or any other persons. The applicant organisation shall provide supplementary information, such as the Articles of Associations, to prove that the organisation is nonprofit-distributing in nature.

<sup>4</sup> Charitable bodies refer to those exempted from tax under section 88 of the Inland Revenue Ordinance.



under the Scheme.

### **3. APPLICATION**

#### **3.1 Application Submission**

- 3.1.1 Applications for the Scheme are accepted all the year round.
- 3.1.2 To apply for the Scheme, the applicant organisation should complete and submit the signed application form together with copies of the required supporting documents set out in paragraph 3.1.4.
- 3.1.3 Applicant organisations should download application documents listed below from the website of the Scheme ([lpfs.hkpc.org](http://lpfs.hkpc.org)). The application forms are available in English and Chinese and may be completed in either language. No application fee will be charged.
- 3.1.4 The following documents are required to be submitted for an application:
- (a) Duly completed and signed application form stating the information of the applicant organisation, information on the proposed project, including objective, schedule, expenditure items, budget, deliverables, expected benefits to be brought about to the Hong Kong logistics sector, etc.
  - (b) Registration and supporting documents of the applicant organisation –
    - (i) Copy of Registration Certificate of the Applicant Organisation;
    - (ii) Copy of the Certificate of Incorporation and Articles of Association;
    - (iii) Curriculum vitae of the project coordinator; and
    - (iv) Other documents as listed in application form.

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

- 3.1.5 The completed application form together with copies of the required supporting documents set out in paragraph 3.1.4 should be submitted to the Secretariat via email ([lpfs\\_sec@hkpc.org](mailto:lpfs_sec@hkpc.org)). Submission of application by other means not prescribed above will not be accepted.
- 3.1.6 Acknowledgement of receipt will be sent to the applicant organisations upon receipt of the applications by the Secretariat. Applicant organisations should contact the Secretariat if they for whatever reasons have not received an acknowledgement.

## **3.2 Application Processing**

- 3.2.1 Applications would be processed all year round subject to the submission of the required supporting documents as mentioned in paragraph 3.1.4.
- 3.2.2 Applications would be processed by batches. Applicant organisations should pay attention to the cut-off date<sup>5</sup> of each batch of applications, which will be announced at the Scheme website ([lpfs.hkpc.org](http://lpfs.hkpc.org)). Any application received by the 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.
- 3.2.3 The Secretariat reserves the right to seek additional information/documentary proof from applicant organisations on their submitted applications where deemed necessary. The application would be considered withdrawn if the information/documentary proof/clarification requested by the Secretariat is not provided within 14 calendar days under normal circumstances. Unless requested by the Secretariat, supplementary information provided after submission of application may not be accepted and may not form part of the application. Incomplete application will not be processed and will be regarded as withdrawn cases.
- 3.2.4 The applicant organisation should appoint a project coordinator who will act as the main contact point between the applicant organisation and the Secretariat after the application is lodged and throughout the implementation period if the application is approved. Change of project coordinator during the period is not permitted unless with the written agreement of the Secretariat.
- 3.2.5 The applicant organisation may write to the Secretariat to withdraw an application at any time before the funding agreement is signed between the applicant organisation and the Secretariat.

## **4. ASSESSMENT AND VETTING**

### **4.1 Assessment Procedures**

Applications received will be assessed according to the following procedures:

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<sup>5</sup> The cut-off date is defined as the last date to receive the application by the Secretariat to be handled in a particular period. An application submitted later than the corresponding cut-off date will be processed together with the next batch of applications to be received by the next cut-off date.

- (A) The Secretariat will examine the applications and verify the information as set out in paragraph 3. The Secretariat may seek clarification or supplementary information from the applicant organisations in the process as necessary.
- (B) The SIP of the LOGSCOUNCIL, comprising government official from the Transport and Logistics Bureau and non-official members who are representatives and professionals from the logistics sector, would further assess all applications (except those withdrawn cases) having regard to the recommendations of the Secretariat. Having considered the recommendations of the Secretariat, the SIP would approve or reject the applications. An application that has been rejected may be resubmitted as a new application only if it has been revised substantially or supported by new information that comments made by the SIP in previous assessment have been addressed. The new application will be subject to the same assessment procedures as set out in paragraph 4.1.

### 4.2 Assessment Timetable

The actual processing time will depend on the number of applications received at the time, completeness and clarity of the information provided, etc. The Secretariat will complete the processing of a valid application and notify the applicant organisation after receipt of a completed application accompanied by all necessary documentation proof and clarification as requested by the Secretariat. Applicant organisations are reminded to submit the required documents as detailed in this Guide in a complete manner to the Secretariat. Failure to do so may cause delay in the processing of their applications.

### 4.3 Assessment Criteria

4.3.1 Applications will be assessed based on individual merits and considered on a case-by-case basis. The assessment criteria of the proposed projects include –

- (A) **Relevance of the proposed project to the objectives of the Scheme** – the project must be conducive to the development of modern/smart logistics in Hong Kong and able to meet **at least one** of the objectives of the Scheme as listed in **Annex 2**;
- (B) **Reasonableness of the budget** – assessment with reference to market prices of the expenditure items within the proposed project in question as known to the SIP or the Secretariat will be made. All expenditure items must be essential and directly related to the implementation of the project;
- (C) **Reasonableness of the implementation details** – consideration

may include whether the project implementation plan is considered feasible, concrete key performance indicators (KPIs) of the activities, project deliverables and outcomes have been set, etc. The implementation details should be realistic taking into account factors such as the complexity of the measures to be implemented and the project duration, etc.;

- (D) **Capability of the applicant organisation** – consideration will be made to the applicant organisation’s capabilities and experience relating to the proposed project, as well as past record as known to the SIP and the Secretariat if available; and
- (E) **Distinctiveness and effectiveness of the promotional activities under the proposed project** – consideration may include whether the activities under the proposed project could demonstrate any distinct approach for effectively reaching the target beneficiaries or stakeholders of the logistics sector as well as the anticipated impact of the activities.

More detailed elaborations of the assessment criteria of the Scheme are at [Annex 2](#).

- 4.3.2 If a project is worthy of support in principle, the amount of funding granted may be adjusted with reference to budget submitted under the application as well as the budget approved by the SIP.
- 4.3.3 The SIP reserves the right to reject an application on grounds including but not limited to –
  - (a) a petition is presented or a proceeding is commenced or an order is made or a resolution is passed for the winding up of the applicant organisation; or
  - (b) a false, inaccurate or incomplete statement or representation is contained in the application; or
  - (c) the applicant organisation is in default of its obligation(s) under another grant agreement entered into with the Government whether or not in relation to the Scheme.
- 4.3.4 The SIP may review and revise the above assessment criteria from time to time as appropriate. The most updated assessment criteria would be made available at the website of the Scheme ([lpfs.hkpc.org](http://lpfs.hkpc.org)).

#### 4.4 Avoidance of Conflict of Interest

To avoid conflict of interest, after the submission of applications, applicant organisations should avoid approaching any members of the SIP to discuss their applications with a view to affecting their impartiality of advice. Members of the SIP who are directly or indirectly related to an application will be required to declare his/her interests. Where considered appropriate, the Chairperson of

the SIP may request members concerned to refrain from participating in the consideration of or discussion on the relevant application. The composition of the SIP can be found at the website of the Scheme ([lpfs.hkpc.org](http://lpfs.hkpc.org)).

### 4.5 Notification of Results

4.5.1 Applicant organisations will be informed by the Secretariat of the results of their applications after the SIP has made the decision. If the application is approved, the applicant organisation will be notified of the maximum amount of funding to be granted and the relevant requirements for commencement of the project. The actual amount of funds to be reimbursed to the applicant organisation will be subject to the actual expenses incurred for the project. The Secretariat will inform the applicant organisation the reasons in case an application is rejected. An application that has been rejected may be resubmitted only if it has been revised substantially or it is supported by new information that the comments made in previous assessment have been addressed.

4.5.2 For application approved by the SIP, an initial approval-in-principle will be given to the applicant organisation. The applicant organisation may be required to revise the application to fulfil the conditions for approval set by the SIP, if any. A funding agreement would need to be signed between the applicant organisation and the Secretariat. The application form approved by the SIP (hereafter referred to as “approved application form”) and this Guide will be appended to and form part of the funding agreement to be signed between the applicant organisation and the Secretariat as referred to in paragraph 8.1.

4.5.3 SIP’s decision on the result of the application shall be final.

## 5. FUNDING ARRANGEMENT/FINANCIAL MANAGEMENT

### 5.1 Disbursement of Funds

5.1.1 The arrangement for the disbursement of funds to applicant organisations can be determined and agreed upon before signing the funding agreement. The applicant organisation can choose to receive funding payment either (i) by one-off payment after project completion or (ii) in two instalments with upfront payment.

5.1.2 For (i), funds for the approved project will be disbursed to applicant organisation in full by one-off payment after project completion when all of the following conditions are fulfilled:

- (a) submission of a final report of the project to the satisfaction of the

- Secretariat within two months upon the completion of the project;
- (b) production of documentary evidence to the satisfaction of the Secretariat showing details of the expenditure incurred within the project duration in accordance with the approved application; and
  - (c) submission of an audited account on the project covering the whole project period by a qualified external auditor.
- 5.1.3 For (ii), funds for the approved project will be disbursed to the applicant organisation in two instalments with an upfront payment and a final payment. The amount of upfront payment will be up to 50% of the approved funding amount. The upfront payment will be disbursed upon signing of the funding agreement, the availability of an interest-bearing bank account maintained under the applicant organisation's name (Clause 5.2.1) and commencement of the project. The remaining balance of the approved funding will be disbursed through final payment upon project completion and fulfilling the conditions under Clause 5.1.2 (a), (b) and (c).
- 5.1.4 The applicant organisations should submit the required documents specified in Clause 5.1.2 within two months after completion of the project. Late submission of the required documents may lead to withholding, reduction or cessation of the funding support for the project. Applicant organisation may contact the Secretariat for assistance if they encounter difficulties in submitting the final report and supporting documents.
- 5.1.5 The SIP and the Secretariat reserve the right to seek clarifications from the applicant organisation regarding the project.
- 5.1.6 If the applicant organisation fails to comply with the terms and conditions stipulated in the funding agreement, the Secretariat may withhold disbursement of any part of funding support to the applicant organisation and/or request return of the disbursed funding in full or in part from the applicant organisation. Under such circumstance, the Secretariat will inform the applicant organisation of the decision and its reason.
- 5.1.7 The applicant organisation is not entitled to charge any interest or claim any compensation or relief of whatsoever nature against the SIP or the Secretariat for any payment made on a reimbursement basis or in the event of any withholding of payment for any reason whatsoever.

## **5.2 Account and Interest**

- 5.2.1 The successful applicant organisation is required to maintain under its name an interest-bearing bank account with a licensed bank registered under the Banking Ordinance (Cap. 155) for the purpose of processing all receipts and payments of the project. All project funds (the

Government funding under the Scheme disbursed by the Secretariat) should be deposited into the bank account. All payments exclusively applied to the project for which they are paid shall be paid out from the bank account. All project funds shall be kept in the bank account by the applicant organisation until such funds are spent (paid) in compliance with the funding agreement or returned to the Secretariat by the applicant organisation in accordance with the funding agreement.

- 5.2.2 The applicant organisation 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.
- 5.2.3 Without prejudice to any other rights or remedies which the Secretariat may have, the applicant organisation may be required to compensate the Secretariat for loss of interest income if the project funds are not properly handled in accordance with the above requirements.
- 5.2.4 Interest income as stated in the final audited accounts would be used to off-set the final disbursement to the applicant organisation.

### **5.3 Books and Records**

- 5.3.1 The applicant organisation shall keep a proper and separate set of books and records for the project. The books and records shall be maintained in such a manner so as to enable the production of statement of income and expenditure (items in the same format as shown in the “Project Expenditure” section of the approved application form) 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.
- 5.3.2 Accrual basis of accounting shall be adopted for the project. Expenditure can only be charged to the designated bank account after the equipment and goods have been received or services delivered. Accordingly, prepayments or deposits will not be recognised as expenditures for charging to the project account unless and until the equipment and goods have been received or services delivered. Moreover, the expenditure so charged shall be incurred within the project duration only. All receipts and expenditure of the project, including the subsidy amount approved by the SIP, 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 Secretariat or the SIP in respect of the project.
- 5.3.3 The applicant organisation 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 Secretariat, the SIP, the Government and their authorised representatives shall be allowed to have 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 organisation will be obliged to make available all project books of accounts and records and explain to the Secretariat, the SIP and their authorised representatives any matters relating to the receipt, expenditure or custody of any money derived from the project. The SIP reserves the right to require the applicant organisation to return any misspent amount together with the interest income accrued to the Government.

### 5.4 Audited Accounts

- 5.4.1 For projects with approved funding exceeding \$50,000, the successful applicant organisation will be required to submit the final audited accounts of the approved project to the Secretariat 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 6.1.2) not later than two months upon 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 Scheme and payments for the project, contribution by the sponsors (if any), project income 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 applicant organisation will be taken into account by the SIP and the Secretariat in considering future applications from the same applicant organisation or the project team. Any such record may prejudice that applicant organisation's future applications under the Scheme.

- 5.4.2 Auditing requirements



To ensure that the project funds have been solely and properly applied to the approved projects and expended/received in accordance with the “Project Expenditure” section of the approved application form, 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 organisation 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 Organisation” issued by the Secretariat in conducting audits and preparing auditors’ report for each project. The engagement letter shall also specify that the Secretariat, the SIP 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 organisation 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.

### 5.5 Procurement Procedures

5.5.1 The applicant organisation shall exercise the utmost prudence in procuring equipment, goods or services (including project auditing) for the project and must adhere to the following procedures unless the Government agrees otherwise<sup>6</sup> –

- (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\$5,000, the applicant organisation is not required to provide written quotation, but the selection of the suppliers/service providers/consultants/contractors must be endorsed by the project coordinator in writing;
- (b) For every procurement or lease of equipment, goods or services in relation to or for the purposes of the project, the aggregate value of which exceeds HK\$5,000 but does not exceed HK\$50,000, the applicant organisation shall invite at least two suppliers/service providers/consultants/contractors or lessors for written quotations and accept the lowest conforming bid;

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<sup>6</sup> Suppliers, service providers, contractors or lessors from Hong Kong selected within the project should have a valid business registration.

- (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\$50,000 but does not exceed HK\$300,000, the applicant organisation shall invite at least three suppliers/service providers/consultants/contractors or lessors for written quotations and accept the lowest conforming bid;
- (d) For every procurement or lease of equipment, goods or services in relation to or for the purposes of the project, the aggregate value of which exceeds HK\$300,000 but does not exceed HK\$1.36 million, the applicant organisation shall invite at least five suppliers/service providers/consultants/contractors or lessors for written quotations and accept the lowest conforming bid; and
- (e) For every procurement or lease of equipment, goods or services in relation to or for the purposes of the project, the aggregate value of which exceeds HK\$1.36 million, the applicant organisation 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 organisation or any person authorised by the applicant organisation to call for or in any way involved in the quotation or tender exercise shall not participate in the bid itself.

5.5.2 For (a) to (e) above, the lowest conforming bid meeting the technical requirements should be accepted unless justifications are endorsed by the SIP. For (b), (c) and (d) above, if less than the required number of suppliers/service providers/consultants/contractors or lessors could be identified from the market, it should be recorded on the procurement document and full justifications must be given to and endorsed by the SIP.

5.5.3 The applicant organisation shall be vigilant against fraud and any anti-competitive conduct by bidders. The applicant organisation shall ensure that each bidder has signed a probity and non-collusive quotation / tendering certificate as part of their quotation submission to the applicant organisation<sup>7</sup>. Please refer to **Annex 4** for the model

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<sup>7</sup> The Independent Commission Against Corruption (“ICAC”) has published a booklet “Strengthening Integrity and Accountability Government Funding Schemes Grantee’s Guidebook” providing applicant organisations with a practical set of guidelines in utilising the funds. Softcopy of the Guidebook is available on ICAC’s website (<http://www.icac.org.hk>). Applicants are also advised to make reference to the best practices in the ICAC’s Guidebook and contact the Corruption Prevention Advisory Service of ICAC (Tel: 2526 6363) for any questions concerning the Guidebook or the booklet or if they need any advice to prevent corruption. The Competition Commission (“CC”) also published two brochures – “Getting the most from your tender” and “Fighting Bid-rigging” – which are designed to assist applicant organisations in ensuring open and effective competition by preventing and detecting possible

clauses and provisions to be included in the probity and non-collusive quotation / tendering certificate.

- 5.5.4 The successful applicant organisation is required to adhere to the principles of openness, fairness, value for money and avoid any conflict of interest in the procurements of all equipment, other goods and services of any value in relation to or for the purposes of the project. The successful applicant organisation should ensure that such procurements are made on an open, arm's length and competitive basis, in accordance with prudent commercial principles and only from suppliers or service providers who are not Restricted Person<sup>8</sup> as well as from any supplier or service provider who are not the Associate, Associated Person of the sponsored organisations or individuals of the Project, unless prior approval has been granted by the SIP. Where any supplier or service provider is in any way, directly or indirectly, interested in a proposed contract with the successful applicant organisation for the procurement of goods or services in relation to or for the purpose of the project, the successful applicant organisation shall fully disclose the nature of such interest to the SIP, as well as propose the course of action to be taken to mitigate such conflict for SIP's approval prior to entry into the proposed contract. The SIP may make further enquiries and/or give such directions in relation to the procurement as it deems fit (including a direction ordering the successful applicant organisation to abstain from procuring from that supplier/service provider) and the successful applicant organisation shall answer such enquiries and abide by such directions.
- 5.5.5 The Secretariat reserves the right to withhold disbursement of any percentage of the funding support if the applicant organisation fails to comply with the procurement guidelines when procuring equipment/service for the project.
- 5.5.6 Upon request of the Secretariat, the applicant organisation shall provide the contact information of the service provider(s) for processing of application.

### **5.6 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 Scheme, the applicant organisation should not

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bid-rigging cartels. Softcopy of the brochures is available on the CC's website ([https://www.compcomm.hk/en/media/reports\\_publications/other\\_publications.html](https://www.compcomm.hk/en/media/reports_publications/other_publications.html)). Applicants are advised to contact the CC (Tel: 3462 2118) for any questions concerning the brochure.

<sup>8</sup> Restricted Person means: (a) the Applicant, its Associates or Associated Persons; (b) any shareholder or Director of the Applicant, or their Associates, Associated Persons or close friends; or (c) any current employee of the Applicant, its Associates or Associated Persons; or his/her Associates, Associated Persons or close friends.

engage a service provider/consultant/contractor of the owners, shareholders, management of which are the owners, shareholders, management of the applicant organisation or their relatives.

## **5.7 Hiring of Project Staff**

5.7.1 In recruiting staff for the project, the applicant organisation shall abide by the principles of openness, fairness and competitiveness, and shall follow the General Guidelines on Staff Recruitment at **Annex 3**.

5.7.2 In relation to or for the purpose of the project, the applicant organisation shall not hire (with or without remuneration) any person who is:

- (i) the Associate, Associated Person<sup>9</sup> or close friend of the shareholder(s) of the Applicant organisation;
- (ii) the Associate, Associated Person<sup>9</sup> or close friend of the Director(s) of the Applicant organisation;
- (iii) the Associate, Associated Person<sup>9</sup> or close friend of current employee(s) of the Applicant organisation;
- (iv) the shareholder(s), the Director(s) or current employee(s) of any supplier(s) or service provider(s) of the Applicant organisation; and
- (v) the Associate and Associated Person<sup>9</sup> of any supplier(s) or service

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<sup>9</sup> a “person” shall mean any person or body of persons whether incorporated or unincorporated;

“associate” of a person means:

- (a) a relative or partner of that person; or
- (b) a company one or more of whose directors is in common with one or more of the directors of that person;

“associated person” of a person means:

- (a) any person who has control, directly or indirectly, over that person;
- (b) any person who is controlled, directly or indirectly, by that person; or
- (c) any person who is controlled by, or has control over, the first-mentioned person in (a) and (b);

a person having “control” over another person means the power of that person to secure:

- (a) by means of the holding of shares or interests or the possession of voting power in or in relation to the second-mentioned person or any other person; or
- (b) by virtue of powers conferred by any constitution, memorandum or articles of association, partnership, agreement or arrangement (whether legally enforceable or not) affecting that second-mentioned person or any other person; or
- (c) by virtue of holding office as director in that second-mentioned person or any other person,

that the affairs of that second-mentioned person are conducted in accordance with the wishes of the first-mentioned person;

“director” means any person occupying the position of a director by whatever name called and includes without limitation a de facto or shadow director. In the context of HKPC, it means a member of HKPC appointed under section 9 of the Hong Kong Productivity Council Ordinance (Cap. 1116);

“relative” means the spouse, parent, child, brother or sister of the relevant person, and, in deducing such a relationship, an adopted child shall be deemed to be a child both of the natural parent and the adopting parent and a step child to be a child of both the natural parent and the step parent.

provider(s) of the Applicant organisation.

unless prior approval has been granted by the SIP.

- 5.7.3 If the applicant organisation intends to hire any of such persons as specified in subparagraphs (i) to (v) above to work for the project, it shall fully disclose the nature of such interest and propose the course of action to be taken to mitigate the conflict arising from such hire, together with full justification in writing. The SIP may make further enquiries and/or give such directions in relation to the hire as it deems fit (including a direction ordering the applicant organisation to abstain from hiring that person) and the applicant organisation shall answer such enquiries and abide by such directions.
- 5.7.4 Any staff member of the applicant organisation 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 SIP 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 organisation. Refer to **Annex 3** for more details on the guidelines for hiring project staff.

## **5.8 Risk and Title to Equipment**

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

## **5.9 Return of Residual Funds**

Upon the expiry or termination of the funding agreement or the completion of the project, whichever is earlier, the applicant organisation shall return to the Secretariat any residual funds<sup>10</sup> within one month after approval of the final audited accounts of the project by the SIP, and provide any accounting thereof.

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

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<sup>10</sup> Residual funds means the unspent balance of the Government's funding disbursed for the project as defined in the funding agreement signed between the applicant and the Secretariat.

## **6. MONITORING MECHANISM**

The applicant organisation should set out in the application form the key performance indicators for assessing the effectiveness of the project and also state specifically how to evaluate the effectiveness of the project. The focus of both the key performance indicators and the methodology should be on the outcome and impact of the project, and these should be measured quantifiably as far as possible. The methodology to measure the key performance indicators may include the number of activities to be held, the number of participants attending the activities, satisfaction survey to the participants, survey with the relevant stakeholders on the guideline, report or standard produced under the project, etc.

Any record of mishandling of public funds or lack of discipline in financial management, unsatisfactory performance in project implementation, non-compliance with the terms and conditions set out in the Funding Agreement or breach of any laws of the HKSAR will be taken into account by the SIP and Government in considering future applications from the same applicant organisation. Any such record may prejudice that applicant organisation's future applications under the Scheme.

## **7. REPORTING REQUIREMENT**

### **7.1 Final Report**

- 7.1.1 Within two months after completion of the project, the successful applicant organisation shall submit to the Secretariat a final report to facilitate evaluation of the funded project. The Final Report shall contain the following information:
- (a) statistics such as number of participants to activities, number of visitors to exhibition booths, number of promotional material distributed, clicks and impression of online advertisement, etc.;
  - (b) feedback from participants of promotional activities, or users of deliverables, etc.;
  - (c) overall assessment on the effectiveness of the project; and
  - (d) recommendations on improvements for future activities.
- 7.1.2 The Secretariat will review the final report and assess the effectiveness of the project by comparing the project deliverables against its original objectives and deliverables as set out in the approved application form. The applicant organisation should immediately provide clarification and supplementary information on the contents of the Final Report upon request of the Secretariat.
- 7.1.3 The Secretariat may conduct on-site checking, including random, surprise and routine inspections, to verify the project progress and results for individual projects. The Secretariat and the Government have the right to request access to any information related to the project. In this connection, the applicant organisation shall cooperate with the

Secretariat for the proper arrangement of on-site checking and make available all project documents and explain to the Secretariat for any matters relating to the progress and results of the project. The Secretariat may also require the applicant organisation to attend meetings to examine the progress of the project.

- 7.1.4 All final reports will be submitted to the SIP for consideration and endorsement. Late submission of the final reports may lead to suspension or termination of the funding support for the project.
- 7.1.5 If the applicant organisation completes the project without fully meeting the proposed targets/ objectives, the SIP and the Government reserves the right to reduce the approved funding by an amount that is based on the progress already made in implementing the project, completion of the quantifiable milestones and/ or other factors deemed relevant.

### **7.2 Resubmissions**

In case the final report is rejected by the SIP, the applicant organisation should resubmit the revised final report within one month after the relevant notification by the Secretariat.

## **8. ADMINISTRATIVE HIGHLIGHTS**

### **8.1 Contractual Requirements**

- 8.1.1 The applicant organisation is required to sign a funding agreement on the approved project with the Secretariat and to comply with all the terms and conditions of the agreement, this Guide and the instructions and correspondences issued by the Secretariat or the SIP from time to time in respect of the project or the Scheme. The SIP reserves the right to consider lapsing the approval decision in case the applicant organisation fails to sign the funding agreement with the Secretariat for a prolonged period of time without reasonable justifications deemed acceptable by the Secretariat.
- 8.1.2 A project submitted by the applicant organisation can only commence after it is approved by the SIP and after the funding agreement is signed. All relevant expenditure incurred within the project duration and expenditure items included in the application form approved by the SIP may be recognised and funded. The costs incurred outside the project duration would not be funded.

## **8.2 Appointment of Project Coordinators**

The successful applicant organisation will be required to appoint a 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 Secretariat, arranging of the on-site checking conducted by the Secretariat and attending meetings on the project as necessary.

## **8.3 Prior Approval Requirements**

An approved project has to be carried out strictly in accordance with the funding agreement. Any variation, modification, amendment or addition to the project or the funding agreement, including but not limited to change of project duration, project scope, budget, implementation plan, deliverables or replacement of the project coordinator, shall require prior written approval by the Secretariat and the SIP. Reasons with supporting documents for the changes must be provided.

## **8.4 Suspension or Termination of Funding Support**

- 8.4.1 Any applicant organisation who knowingly or wilfully makes a false statement, misrepresents or conceals any information in order to obtain funding under the Scheme by deception commits a criminal offence and is liable on conviction to imprisonment.
- 8.4.2 The SIP reserves the right to suspend or terminate funding support for an approved project. Circumstances which warrant suspension or termination of funding support may include but not limited to a lack of satisfactory progress or a slim chance of completion of a project, failure to submit final reports or audited accounts within the stipulated deadlines or produce documentary evidence to the satisfaction of the Secretariat showing such payment, non-acceptance of those forms/reports/accounts by the SIP, a breach of the terms and conditions of the funding agreement, or if the SIP sees fit to terminate the project in public interest. The applicant organisation may have to return all/part of the funding disbursed in respect of these projects together with all administrative, legal and other related costs and payments (regardless of whether the applicant organisation has already spent the funds or not) to the Government via the Secretariat.
- 8.4.3 Once a project is suspended or terminated, the applicant organisation will not be entitled to the receipt of funding under the Scheme and any cost incurred in the project will be solely borne by the applicant organisation.



## **8.5 Safeguarding National Security**

By submitting an application to the Scheme, the applicant organisation shall acknowledge and undertake to comply with the following:

- (a) notwithstanding anything to the contrary in the agreement signed between the applicant organisation and the Secretariat in respect of the project, the Government reserves the right to disqualify an application on the grounds that the applicant organisation has engaged, is engaging, or is reasonably believed to have engaged or be engaging in acts or activities that are likely to cause or constitute the occurrence of offences endangering national security or otherwise the exclusion is necessary in the interest of national security, or is necessary to protect the public interest of Hong Kong, public morals, public order or public safety.
- (b) the Government may immediately terminate the funding agreement upon the occurrence of any of the following events:
  - (i) the applicant organisation 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;
  - (ii) the continued provision of funding support to the applicant organisation or the continued implementation of the project is contrary to the interest of national security; or
  - (iii) the Government reasonably believes that any of the events mentioned above is about to occur.

## **8.6 Intellectual Property Rights**

Applicant organisation will hold all the intellectual property rights arising from the results of the projects approved under the Scheme.

## **8.7 Production of Publicity and Promotional Materials**

- 8.7.1 All publicity and promotional materials shall not be for sale or reproduced for sale without prior written approval from the Government.
- 8.7.2 All publicity and promotional materials shall not contain any content or information not directly related to the project as originally approved by the SIP.
- 8.7.3 All publicity and promotional materials shall not contain anything that:

- (a) is likely to incite hatred against, or denigrate or insult any person, organisation or body of persons;
- (b) is in breach of any law, rule or regulation in force in the HKSAR;
- (c) is classified as indecent or obscene under the Control of Obscene and Indecent Articles Ordinance (Cap. 390) – if there is doubt as to whether certain Publicity Materials or Articles contains content that may be indecent or obscene, it is in the interest of the successful applicant organisation to submit them to the Obscene Articles Tribunal for classification before publication or public display; or
- (d) infringes any intellectual property rights or any other rights of any persons. Applicant organisations are responsible for ensuring that there is no such infringement. If the applicant organisation intends to use materials created by others, prior approval shall be sought from the owners and/or holders of the relevant intellectual property rights.

8.7.4 If a successful applicant organisation fails to comply with any requirement under paragraphs 8.7.1 to 8.7.3 above, and such non-compliance is incapable of being remedied (as decided by the SIP at its sole discretion) or if the successful applicant organisation fails to remedy the non-compliance within the time limit specified by the SIP, the Government may terminate its funding support and demand the immediate return of any funds already advanced to the successful applicant organisation.

## **8.8 Participation in Publicity and Promotional Activities**

Successful applicant organisations will be required to share the experience gained in implementing the projects approved under the Scheme with other enterprises and/ or organisations. They will need to participate in the publicity and promotional activities of the Scheme when being invited by the Secretariat or the Government to share their experience gained in the projects. These activities may include seminars, workshops, conferences, exhibitions, etc., as well as site visits to the applicant organisations as arranged by the Secretariat or the Government. The applicant organisation shall allow and facilitate the Secretariat or Government or any authorised person (including ICAC) to enter at all reasonable time into and upon any premises of or controlled by the applicant organisation for the purpose of conducting these activities. The applicant organisation will also need to contribute inputs/materials for publication via printed/electronic channels to share their experience when being requested by the Secretariat or the Government. The applicant organisations cannot charge fees on the Secretariat or the Government for participating in these activities or

contributing such inputs/materials for publication. The Secretariat may also publicise the details of approved project for public information.

### **8.9 Acknowledgement of Funding Support**

Applicant organisations are allowed to publicise their implementation of the projects funded under the Scheme and the project results on their own initiatives through publications, seminars, workshops, conferences, exhibitions, site visits, etc. with prior notice to the Secretariat. Acknowledgement of Funding Support shall be included in any publications and publicity/media events related to a project funded under the Scheme upon request of the Secretariat and the Government.

### **8.10 Assignment**

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

### **8.11 Handling of Information**

The Secretariat and the SIP 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 Scheme will be used by the Government, the Secretariat, the SIP or their authorised agents for activities relating to:

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

The personal data that the applicant organisations 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 organisation /data subject.

If necessary, the 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.

Applicant organisations /data subjects whose personal data are collected by the

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 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 Scheme can be made in writing to the Secretariat by returning the completed Data Access Request Form (No. OPS003 issued by the Privacy Commissioner).

## **8.12 Indemnity**

The applicant organisation shall indemnify and keep each of the Secretariat, the SIP and/or the Government, their employees and authorised persons fully and effectively indemnified against (i) all actions, claims (whether or not successful, compromised, settled, withdrawn or discontinued) and demands threatened, brought or established against the Secretariat, the SIP and/or the Government and (ii) all costs (including all legal fees and other awards, costs, payments, charges and expenses), losses, damages and liabilities suffered or incurred by the Government, which in any case arise directly or indirectly in connection with, out of 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 organisation, the willful, misconduct, default, unauthorised act or willful, omission of the applicant organisation, 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.

## **8.13 Prevention of Bribery**

- 8.13.1 The applicant organisation 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.
- 8.13.2 The offer of an advantage to or any member of the SIP 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 SIP may also cancel the application approved and hold the applicant organisation liable for any loss or damage which the Government and/or the SIP may sustain.
- 8.13.3 The applicant organisation is also advised to observe the guidelines set out in the “Best Practice Checklist – Strengthening Integrity and Accountability – Grantee’s Guidebook” compiled by the Independent

Commission Against Corruption (ICAC) in order to execute the Funding Agreement in an ethical and accountable manner which meets the public expectation.

- 8.13.4 ICAC may conduct corruption prevention reviews for applicant organisations of the Scheme.

## **9. ENQUIRIES**

Enquiries regarding the Scheme can be addressed to HKPC, the Secretariat of the Logistics Promotion Funding Scheme:

Address: HKPC Building, 78 Tat Chee Avenue  
Kowloon, Hong Kong  
Telephone: (852) 2788 6077  
Fax: (852) 3187 4535  
E-mail: [lpfs\\_sec@hkpc.org](mailto:lpfs_sec@hkpc.org)  
Website: [lpfs.hkpc.org](http://lpfs.hkpc.org)

**Secretariat of the Logistics Promotion Funding Scheme  
January 2024**

## **Examples of Typical Fundable and Non-fundable Costs**

### **1. Typical fundable costs**

Only costs directly incurred for the project within the project duration as described in the approved application form may be funded by the Scheme. Typically fundable costs may include -

**(i) Manpower**

- Cost of additional staff directly incurred for the project (including employer's contributions to the Mandatory Provident Fund)<sup>11</sup>.

**(ii) Equipment**

- Cost of rental of additional equipment (except general office equipment) for implementing the project

**(iii) Other Direct Costs**

All other costs directly incurred for the project with the exception of administrative overheads and other unallowable cost items set out under Clause 1.4.9 may be funded.

Fundable direct costs may include -

- (a) Cost of venue rental and associated decorations for implementing the project (except if the venue is owned, occupied or operated by the applicant organisation or its affiliated organisations);
- (b) Cost of engaging suppliers to provide services (including event management, promotional materials design and production);
- (c) Production and promotion cost in association with the project (such as printing and production of promotional graphics, pamphlets, posters, multimedia videos, websites, placement of online/offline advertisement, etc.);
- (d) Remunerations for speakers and/or MC;
- (e) Cost of postage and stationery for implementing the project;
- (f) Cost of souvenirs and prizes; unless prior written approval from the SIP is obtained, any prize or award given out in connection with the project shall not be in the form of money or things convertible into money (e.g. gift cheques issued by banks);
- (g) Cost of consumables for implementing the project;
- (h) Local transportation expense (by most economical means) for activity incurred by project team members that is directly related to the implementation of the project, which shall be capped at 5% of the total project expenditure; taxi fares may be reimbursed only in exceptional circumstances and justification must be given in writing;

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<sup>11</sup> Monthly time sharing record should be maintained for manpower charged on a pro-rata/ hourly basis

- (i) External audit fees for implementing the project, which shall be capped at HK\$10,000 for each project;
- (j) Bank charges only on audit confirmation;
- (k) Insurances for implementing the project, including but not limited to third-party liability insurance, employee compensation insurance, fire insurance, vehicle insurance, etc.; and
- (l) Trademark registration fees – trademark registration fees directly relating to the project of not more than HK\$10,000.

### 2. Typical non-fundable costs

Expenses arising from completed projects or projects in progress before the approval of the project will not be funded.

Unless otherwise expressly approved by the SIP in advance, normal business operating costs of the applicant organisation which are not directly related to implementation of the approved project will not be funded under the Scheme, including but not limited to the following –

- (a) Rental of premises not directly related to project implementation;
- (b) Renovation expenses;
- (c) Utility expenses;
- (d) General office equipment (e.g. computers, projectors and fax machines) and mobile devices (e.g. mobile phones and tablets);
- (e) Salary for existing staff and other related expenses including but not limited to employee's contribution to the Mandatory Provident Fund, contract gratuities, annual salary adjustment, general fringe benefits (e.g. medical), and allowances (e.g. expenses on housing, travelling, overtime), general training and development;
- (f) Training costs;
- (g) Insurance of existing and newly purchased equipment;
- (h) Recurrent maintenance cost for existing and newly purchased equipment / hardware;
- (i) Non-project related professional service fees (except for project auditing);
- (j) Local transportation and accommodation not directly related to project implementation;
- (k) Overseas transportation and accommodation;
- (l) Meals and entertainment expenses;
- (m) Cleaning expenses;
- (n) Financing expenses (e.g. bank charges, interest payment for loans);
- (o) Administrative overheads; and
- (p) Any other fees which are not directly related to the implementation of the approved project.

## Assessment Criteria

The following criteria will be considered in assessing the application:

### 1. Relevance of the proposed project to the objectives of the Scheme

The proposed project under application must be conducive to the development of modern/smart logistics in Hong Kong and able to meet **at least one** of the following objectives –

- (i) to enhance / rebrand the modern logistics industry as “Smart, Innovative, High-end”;
- (ii) to promote the strengths of Hong Kong as an international smart logistics hub (specialised in high-value goods and eCommerce market) to both local and Mainland/overseas companies with a view to exploring new business opportunities;
- (iii) to stimulate and enhance the interest and appreciation of the public, in particular the young people, in modern/smart logistics industry;
- (iv) to enhance in-service logistics practitioners’ professional image and their knowledge in modern/smart logistics industry;
- (v) to promote the development and enhance the awareness and knowledge of green logistics (ESG) for logistics industry in Hong Kong as well as to other Mainland cities;
- (vi) to promote collaboration with other Mainland cities in various aspects of modern/smart logistics industry development; and
- (vii) to promote collaboration with different sectors of the logistics industry in Hong Kong.

Other objectives not mentioned in (i) to (vii) above will be considered on a case-by-case basis.

### 2. Reasonableness of the budget

Assessment with reference to market prices of the expenditure items within the proposed project in question as known to the SIP or the Secretariat will be made. All expenditure items must be essential and directly related to the implementation of the project.

Points of consideration may include but not limited to the following –

- Reasonableness of the overall financial estimates for the proposed project;



- Availability of evidence regarding market prices of the expenditure items within the proposed project;
- Justification for the necessity of the expenditure items within the proposed project;
- Cost-effectiveness of the project and cost-saving strategies;
- Availability and adequacy of contingency funds, for instance provisions for unforeseen expenses or emergencies; and
- Previous performance and track record of the applicant organisation under the Scheme/ other Government funding schemes as known to the SIP and the Secretariat (if available).

### **3. Reasonableness of the implementation details**

Consideration may include the following – whether the project implementation plan is considered feasible, concrete key performance indicators (KPIs) of the activities, project deliverables and outcomes have been set, etc. The implementation details should be realistic taking into account factors such as the complexity of the measures to be implemented and the project duration, etc.

Points of consideration may include but not limited to the following –

- Relevance of scope of the project with the objectives of the Scheme;
- Relevance of the contents with the objectives of the Scheme;
- Availability and adequacy of details and breakdown listed in the application form;
- Reasonableness and feasibility of the project implementation plan;
- Reasonableness and feasibility of the project implementation schedule;
- Inclusion of concrete key performance indicators (KPIs);
- Inclusion of concrete project deliverables and outcomes; and
- Complexity of project implementation and associated risks.

### **4. Capability of the applicant organisation**

Consideration will be made to the applicant organisation's capabilities and experience relating to the proposed project, as well as past record as known to the SIP and the Secretariat if available.

Points of consideration may include but not limited to the following –

- Background of the applicant organisation;
- Composition and size of implementation team;
- Area of expertise of implementation team member(s);
- Availability and adequacy of resources to effectively execute the event, for instance human resources, financial and technology capabilities, etc.;
- Approach to identifying and mitigating potential risks associated with the project, for instance contingency planning and crisis management;

- Previous performance and track record of the applicant organisation under the Scheme/ other Government funding schemes as known to the SIP and the Secretariat (if available); and
- References and recommendations from previous partners, or vendors on the applicant organisation's performance, professionalism and reliability in project implementation as known to the SIP and the Secretariat (if available).

### **5. Distinctiveness and effectiveness of the promotional activities under the proposed project**

Consideration may include whether the activities under the proposed project could demonstrate any distinct approach for effectively reaching the target beneficiaries or stakeholders of the logistics sector as well as the anticipated impact of the activities.

Points of consideration may include but not limited to the following –

- Introduction of fresh and innovative ideas to the project, including but not limited to unique event concepts, engaging activities, creative promotion strategies, etc.;
- Effectiveness, feasibility and practicality of the proposed promotional/publicity plan (if applicable);
- Optimal target and anticipated number of beneficiaries that aligns with the objectives of the Scheme;
- Previous performance and track record of the applicant organisation under the Scheme/ other Government funding schemes as known to the SIP and the Secretariat (if available); and
- Projects that share significant degree of similarity in terms of their concept, activities, target beneficiaries and other relevant factors may not be considered fundable under the Scheme.

Other relevant factors may also be taken into consideration by the Secretariat and the SIP during application assessment.

## **General Guidelines on New Staff Recruitment**

### **1. Introduction**

This guideline deal with the adoption of a system of new staff recruitment where staff is employed to carry out the projects under the Scheme. They serve as a ready reference for the applicant organisation who is allocated with any grant from the Scheme. The main issues are openness, fairness and competitiveness in staff recruitment.

### **2. Staff Recruitment**

Personnel outside the applicant organisation may be recruited to help with the implementation of the projects under the Scheme as stipulated in the application 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 given below for reference.

### **3. 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 SIP 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 organisation.

### **4. 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 “Corruption Prevention Advisory Service” of ICAC (tel. 2526 6363). The applicant organisations are advised to obtain this booklet for reference.

**New Staff Recruitment Procedures**

1. Job vacancies shall be widely advertised in local newspapers and/ or other channels.
2. 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.
3. All applications received shall be systematically recorded.
4. Shortlisting for interview shall be based on specified criteria.
5. If practicable, a recruitment panel shall be formed to conduct selection interviews and skill tests as necessary.
6. A standard assessment form shall be devised to record assessment by individual panel members.
7. Assessment of candidates and recommendations of panel members shall be properly documented.
8. Approving authority for the staff appointment shall be defined clearly.

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

\_\_\_\_\_  
(Name of Procurer, i.e., Applicant organisation of the Logistics Promotion Funding Scheme)  
at:

\_\_\_\_\_  
(Address of Procurer)

\_\_\_\_\_  
(Date)

To: \_\_\_\_\_  
(Name of Supplier)  
(Fax no: \_\_\_\_\_ )

Dear Sirs / Madams,

Invitation for the  
quotation/tender of : \_\_\_\_\_  
(Description of Goods/Services Required)

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

**PROBITY**

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

**ANTI-COLLUSION AND ANTI BID-RIGGING**

- (1) By submitting a quotation/tender, the Supplier represents and warrants that in relation to the invitation of quotation/tender:
  - (i) it will make reference to the Guidelines of Independent Commission Against Corruption and Competition Commission;
  - (ii) it has not communicated and will not communicate to any person other than the Procurer the amount of any quotation/tender price;
  - (iii) it has not fixed and will not fix the amount of any quotation/tender price by arrangement with any person;

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

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

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

**Guide to Application for the Logistics Promotion Funding Scheme**

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

Yours faithfully,

\_\_\_\_\_  
(Company Chop and Name of Procurer)

-----  
**Confirmation Form**

To: \_\_\_\_\_ (Date)  
(Name of Procurer)  
(Fax no: \_\_\_\_\_ )

Dear Sirs / Madams,

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

Re. the captioned quotation/tender.

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

Yours faithfully,

\_\_\_\_\_  
(Signature)  
Name : \_\_\_\_\_  
Position : \_\_\_\_\_  
Company Name : \_\_\_\_\_  
Company Chop : \_\_\_\_\_  
\_\_\_\_\_