

**Guide to Application for the
Pilot Subsidy Scheme for Third-party
Logistics Service Providers**

Effective from 21 April 2021

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1. GENERAL

1.1 Background

The Government of the Hong Kong Special Administrative Region (the Government) has always attached great importance to the continuing development of the logistics industry. To maintain competitiveness, the logistics sector has been moving up the value chain in the past decade to provide more value-added services including pick and pack, labelling, inventory management, tracking and tracing, as well as other supply chain management services. During the process, it has become more common for logistics service providers to rely on the use of technology in providing the value-added services and enhancing efficiency and productivity.

Meanwhile, it is acknowledged that the upfront investment required and the uncertainty in returns have sometimes made logistics enterprises, in particular for the small- and medium-sized enterprises (SMEs), less forthcoming in adopting technology and related solutions. This is understandable as in supply chain management the value-added services required from one client could be very specific and may vary considerably from one client to another; termination of a service contract may therefore render all the investment in technology futile. In view of the above, the Government sees merits in providing financial incentives for the logistics SMEs in the adoption of technology.

As announced in the Chief Executive's 2019 Policy Address, the Government proposed to set up a pilot subsidy scheme of HK\$300 million (the Scheme) to provide financial support to qualified third-party logistics service providers for the adoption of technology to enhance productivity and operation efficiency.

Meanwhile, to alleviate the heavy financial burden of the logistics trade in the establishment of the Regulated Air Cargo Screening Facilities (RACSFs) to fulfil the new policy of the International Civil Aviation Organisation (ICAO)¹, the Government will provide, via the Scheme, subsidy for applicant enterprises for procuring screening equipment including X-ray machines purchased (including hire purchased) and / or Explosive Trace Detection (ETD)²

¹ The International Civil Aviation Organization (ICAO) announced in September 2016 its new policy that consignors not subject to approval by the authority for aviation security should be phased out by 30 June 2021 – Consignors will either have to be approved by the appropriate authority as a “validated” known consignor or an “unknown consignor” with all their cargo subject to 100% security screening prior to being loaded on to a commercial aircraft. To fulfill Hong Kong's obligatory duty to meet ICAO's security requirements, the Civil Aviation Department introduced the RACSF Scheme in October 2018 to enable and regulate operation of air cargo screening facilities at off-airport locations so as to meet ICAO's new policy.

² With reference to “Notice to Regulated Air Cargo Screening Facilities 3/2020” (https://www.cad.gov.hk/english/pdf/Notice_to_RACSF_3-2020.pdf) issued by Civil Aviation Department (CAD) on 28 August 2020, under the CAD's air cargo security regime, X-ray screening shall be conducted at RACSFs as the primary screening method for air cargo. Yet, for cargo which are difficult or cannot be screened by X-ray equipment, RACSFs may, taking into consideration the nature and content (Version: 04/2021)

equipment already purchased (including hire purchased) or ordered between 30 October 2018 and 30 June 2021 under the RACSFs Scheme.

The Government has engaged Hong Kong Productivity Council (HKPC) as the implementation team of the Scheme to provide Secretariat support. This Guide to Application sets out the details of the Scheme.

1.2 Objective of the Scheme

The Scheme is to provide financial incentive to facilitate the adoption of technology by non-listed third-party logistics services providers in Hong Kong.

1.3 Scope of the Scheme

1.3.1 Any projects undertaken by Hong Kong third-party logistics companies in the adoption of technologies to enhance their competitiveness would be considered under the Scheme. Examples include the adoption of applications, the use of robotics, automation, Artificial Intelligence, or Internet of Things, etc. in supply chain management. The project deliverables should be used in a way that will have direct positive impact on the applicant enterprise's productivity and operation efficiency.

1.3.2 The Scheme also covers the purchase (including hire purchase) of X-ray machines and / or ETD equipment already purchased (including hire purchased) or ordered during the period between 30 October 2018 and 30 June 2021 for the purpose of setting up RACSFs. The models of such X-ray machines and / or ETD equipment and the licensing for RACSFs must have the acceptance of the Civil Aviation Department (CAD) at the time when full funding is sought. ETD equipment already purchased (including hire purchased) or ordered on or before 30 June 2021 but submission of notification of change of RACSF Security Programme (RACSFSP) not yet completed by the same deadline will also be covered by the Scheme, subject to the subsequent successful submission of notification of change of RACSFSP to the CAD.

More detailed elaborations of the scope of the Scheme are at **Annex 1**.

1.4 Subsidy Amount and Principles

1.4.1 The total cumulative subsidy ceiling per applicant enterprise under the Scheme is HK\$1 million (including audit fee of project). The subsidy approved will be provided on a matching basis, i.e. the Government

of the cargo, apply Explosive Trace Detection (ETD) equipment as one of the alternatives. Applicant Enterprises must have X-ray machine(s) for licensing for RACSFs when applying for subsidy for ETD equipment.

will cover a maximum of 50% of the total approved project cost and the applicant enterprise has to contribute no less than 50% of the total approved project cost in its own cash (except the audit fee of project), excluding any fundings and/or sponsorships from other non-Government sources on that particular approved project.

1.4.2 The actual amount of subsidy will be determined based on the actual project costs incurred by the applicant enterprise or the ceiling of cumulative subsidy amount in paragraph 1.4.1, whichever is the lower.

1.4.3 The applicant enterprise is required to provide a detailed breakdown of the costs to be directly incurred for the purpose of, and during the approved period of, the proposed project that the applicant enterprise estimates. Funding could cover –

(A) Engagement of Service Provider(s) – for the purpose of project implementation, “Service Provider” refers to company which can demonstrate its technical capabilities and experience in providing the technology solutions or services to the applicant enterprise for the solutions to be adopted in the project. The applicant enterprise should provide the expected deliverables from the engagement of the Service Provider(s), as well as breakdown of reasonable payment to this Service Provider(s) including manpower cost (in man-hour) and any other related costs for the purpose of the project. Approved funding amount is subject to the reasonableness of the proposed expenses and costs, and the Secretariat reserves the right to reject partial or all proposed expenses and costs.

(B) Purchase and hire purchase of custom-built equipment, machinery and hardware as well as purchase, hire purchase and subscription of custom-built software and other services or solutions that form an essential part of the project. In general, machineries and software systems that require compilation / integration by the Service Provider(s) at the request of the applicant enterprises, including those involving standard modules with or without tailor-made features, will be regarded as custom-built items, as long as they are not readily available off-the-shelf. In case of subscription, the period of subscription that can be covered is up to twenty-four months, provided that the cost to be incurred only covers subscription of the relevant services or solutions during the project duration.

(C) Purchase and hire purchase of off-the-shelf / readily available equipment, machinery and hardware as well as purchase, hire purchase and subscription of off-the-shelf / readily available software and other services or solutions that form an essential part of the project. For this purpose, off-the-shelf / readily available items refer to those that can be procured “off-the-shelf” and

installed / used directly by the applicant enterprises, such as subscription-based services or solutions (e.g. cloud-based services), machineries, computers, printers, scanners, servers, mobile devices, etc. which are fit-for-purpose regarding the solution proposed. In case of subscription, the period of subscription that can be covered is up to twenty-four months, provided that the cost to be incurred only covers subscription of the relevant services or solutions during the project duration.

(D) Purchase (including hire purchase) of X-ray machines and / or ETD equipment already purchased (including hire purchased) or ordered between 30 October 2018 and 30 June 2021 for the purpose of setting up RACSFs. The models of such X-ray machines and / or ETD equipment and the licensing for RACSFs must have the acceptance of the CAD at the time when full funding is sought. For ETD equipment already purchased or order on or before 30 June 2021 but submission of notification of change of RACSFSP not yet completed by the same deadline, will also be covered by the Scheme, subject to the subsequent successful submission of notification of change of RACSFSP to the CAD. The applicant enterprises would also need to demonstrate that the licensing for RACSFs would be obtained and the RACSFs would be in operation on or before 30 June 2021.

(E) Project auditing is required for every project (please refer to paragraph 5.1.3 below). The maximum audit fee to be counted towards the total project cost is HK\$10,000.

1.4.4 Ongoing projects being undertaken by individual applicant enterprise, subject to the final decision of the Secretariat, may be eligible for funding support under the Scheme if 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.

1.4.5 The equipment being subsidised under the Scheme (including those under hire purchase arrangement) must be procured and owned by the applicant enterprise, which is a registered company in Hong Kong, and to be used solely for the purpose of projects approved under the Scheme. Such equipment must continue to be in the possession of the applicant enterprise and retained in Hong Kong for no less than two years after the end of project period (the Retention Period). The applicant enterprise shall submit documentary evidence to the Secretariat upon request proving the ownership and location of the

equipment during the Retention Period. The Secretariat reserves the right to conduct on-site inspection to verify that the equipment continues to be in the possession of the applicant enterprise. In case of non-compliance, the Government and/or the Secretariat reserve the right to demand the applicant enterprise to refund the subsidy granted.

- 1.4.6 Related enterprises, i.e. enterprises registered as different businesses under the Business Registration Ordinance (Cap. 310) but having common shareholders (up to the ultimate level of natural persons if the enterprises are held by companies) whose equity interest is 30% or more in each of the enterprises and having the same business nature, would be treated as one single applicant enterprise for the purpose of calculating the cumulative funding amount (i.e. subject to the cumulative funding ceiling of HK\$1 million). Other relevant factors³ will also be taken into account as appropriate in determining whether applicant enterprises would be treated as one single applicant enterprise and be subject to the cumulative funding ceiling of HK\$1 million.
- 1.4.7 During the tenure of the Scheme, funding support will be granted to each applicant enterprise for a maximum of four approved projects.
- 1.4.8 Each approved project should be completed within 24 months.
- 1.4.9 For purchase and hire purchase of equipment, machinery, hardware, software and other technology services or solutions, it would be regarded as a completion of transaction and a successful procurement by the applicant enterprise (and hence be seen as the Purchase Date) when all hire charges as required under the relevant hire purchase agreement have been paid. To be eligible for the subsidy under the Scheme, the relevant equipment, machinery, hardware, software, other technology services or solutions (except subscription of software and other services or solutions) must be successfully procured and owned by the applicant enterprise before completion of the project.
- 1.4.10 All items purchased, hire purchased or subscribed with funds under the Scheme should be licensed products and should not infringe any third party intellectual property rights.
- 1.4.11 The risk in using the equipment / hardware / software / other assets or consultancy services will be borne by and remained with the applicant enterprise.
- 1.4.12 Normal business operating costs including but not limited to the

³ Other relevant factors include but not limited to business nature, shareholding structure, evidence of separation of business (e.g. whether the applicant enterprises sharing the same business address and employees etc.)

following will not be funded under the Scheme –

- (A) Rental of premises;
- (B) Staff salary and other related expenses including but not limited to 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;
- (C) Training costs;
- (D) Insurance of existing and newly purchased equipment;
- (E) Recurrent maintenance cost for existing and newly purchased equipment / hardware;
- (F) Non-project related professional service fees (except for project auditing);
- (G) Transportation and accommodation;
- (H) Financing expenses (e.g. interest payment for loans);
- (I) Administrative overheads; and
- (J) Any other fees which are not directly related to the implementation of the project.

1.4.13 X-ray machines purchased (including hire purchased) and ETD equipment ordered for the purpose of setting up of RACSFs after 30 June 2021, or those purchased or ordered for licensing for RACSFs coming in operation only after 30 June 2021, would not be eligible for the Scheme.

1.4.14 Project which have received/would receive other sources of funding support provided by the Government will not be eligible for subsidy under the Scheme. Applicant enterprises 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.

1.5 Application Period

The Scheme is open for application all year round until the fund, which amounts to HK\$300 million, is exhausted.

2. ELIGIBILITY

2.1 Eligibility of Applicant Enterprises

2.1.1 All non-listed enterprises⁴ registered in Hong Kong under the Business

⁴ Subsidiaries of listed enterprises if they themselves are not listed are also eligible. On the other hand, all listed enterprises, their subsidiaries which are listed or those planning to be listed in the coming year are not eligible.

Registration Ordinance (Cap. 310) with substantive business operations in providing third-party logistics services in Hong Kong are eligible to apply.

- 2.1.2 Third-party logistics services refer to value-added services provided during the logistics processes, including but not limited to tracking and tracing, monitoring, inventory management, just-in-time delivery, pick and pack, labelling, international freight forwarding and so forth.
- 2.1.3 In line with the Government's policy objective to promote Hong Kong as an international logistics hub, the business of the applicant enterprises should be related to either inbound or outbound cargo, rather than cargo purely for domestic consumption.
- 2.1.4 The applicant enterprise must provide documentary evidence proving its substantive business operations in providing third-party logistics services in Hong Kong at the time of application. Such evidence may include 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 applicant enterprises with respect to this eligibility requirement and examples of the documents that may serve as the relevant proof are at **Annex 2**.
- 2.1.5 The applicant enterprise must maintain its eligibility as set out in paragraph 2.1 throughout the period of project implementation.
- 2.1.6 The applicant enterprise may also apply for subsidy from the Scheme to cover the cost of X-ray machines already purchased (including hire purchase) and / or ETD equipment already purchased (including hire purchase) or ordered during the period between 30 October 2018 and 30 June 2021 for the purpose of setting up RACSFs. The models of such X-ray machines and / or ETD equipment and the licensing for RACSFs must have the acceptance of the CAD at the time when full funding is sought. In this case, the applicant enterprise must become an operator accepted by the CAD under its RACSFs before the project completion.
- 2.1.7 The Secretariat reserves the rights to request additional documentary evidence from the applicant enterprise for assessing its eligibility and to determine whether the applicant enterprise is eligible to apply for subsidy under the Scheme.

2.2 Eligibility of Service Providers

- 2.2.1 If the applicant enterprise requires external expertise to help with technical implementation of the proposed project, the Service Provider(s) concerned shall comply with the following qualification requirements at the time of application for the purpose:

- (A) having registered in Hong Kong under the Business Registration Ordinance (Cap. 310) for at least one year, or being a statutory organisation in Hong Kong;
- (B) having at least one principal possessing **three** years or more practical experience of providing technical consultancy services for enterprises in Hong Kong; and
- (C) having completed at least **five** similar technical implementation projects at the time of application.

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

- 2.2.2 When submitting an application, the applicant enterprise is required to provide supporting documents proving the fulfillment of the qualification requirements set out in paragraph 2.2.1 by the service provider(s) to be engaged, including the registration document of the service provider(s), work experience of the principal engaged, the relevant reference projects, etc. Engagement of the service provider(s) by the applicant enterprise has to follow the procurement procedures set out in paragraph 5.5.

3. APPLICATION

3.1 Application Submission

- 3.1.1 Applications for the Scheme are accepted all the year round until the HK\$300 million fund is exhausted. Applicant enterprises should download application documents listed below from the website of the Scheme (tplsp.hkpc.org).
- 3.1.2 To apply for the Scheme, the applicant enterprise should complete and submit the printed Application Form together with copies of the required supporting documents set out in paragraph 3.1.4.
- 3.1.3 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 application form stating the company information of the applicant enterprise, information on the proposed project, including objective, methodology, schedule, budget, deliverables, expected benefits to be brought about to the applicant enterprise and Hong Kong logistics sector, etc.

- (B) Registration and supporting documents of the applicant enterprise, including –
- (i) Copy of the Business Registration Certificate;
 - (ii) Copy of the documentary evidence showing the personal details of owners/shareholders holding 30% or more ownership (up to the ultimate level of natural persons if the applicant enterprise is held by company(ies)), e.g. Form 1(a) of the Business Registration Office, Annual Return of the Companies Registry (Form AR1), etc.;
 - (iii) Copy of the documentary evidence proving that the applicant enterprise has substantive business operations in providing third-party logistics services in Hong Kong (see **Annex 2** for examples of the documents that may serve as the relevant proof);
 - (iv) Copy of the documentary proof of the annual turnover of the applicant enterprise in the previous year (not applicable to applicant enterprises established for less than one year);
 - (v) Promotional pamphlets/publications introducing the applicant enterprise's business/products/services; and
 - (vi) Copy of service quote and technical specification for equipment and/or technology solution proposed to be adopted (where applicable).

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 sent to the Secretariat in person or by post (Address: HKPC Building, 78 Tat Chee Avenue, Kowloon, Hong Kong). In addition, an electronic copy of all documents should be sent to the Secretariat via email (tplsp_sec@hkpc.org). Submission of application by email alone or other means not prescribed above will not be accepted.
- 3.1.6 Acknowledgement of receipt will be sent to the applicant enterprises upon receipt of the applications by the Secretariat. Applicant enterprises should contact the Secretariat if they for whatever reasons have not received an acknowledgement.

3.2 Application Processing

- 3.2.1 Applications will be processed all year round subject to the submission of the required supporting documents as mentioned in paragraph 3.1.4.
- 3.2.2 The Secretariat reserves the right to seek additional information/documentary proof from applicant enterprises 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.

- 3.2.3 The applicant enterprise should appoint one of their active employees as project coordinator who will act as the main contact point between the applicant enterprise 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.
- 3.2.4 The applicant enterprise may write to the Secretariat to withdraw an application at any time before the funding agreement is signed between the applicant enterprise and the Secretariat.

4. ASSESSMENT AND VETTING

4.1 Assessment Procedures

Applications received will be assessed according to the following procedures:

- (A) The Secretariat will examine the applications and verify the information as set out in paragraph 2. The Secretariat may seek clarification or supplementary information from the applicant enterprises in the process as necessary.
- (B) The Management Committee of the Scheme (hereafter referred to as “MC”), comprising government officials from the Transport and Housing Bureau and members drawn widely from the trade, industrial and professional sectors, will further assess all applications (except those withdrawn cases) having regard to the recommendations of the Secretariat. Having considered the recommendations of the Secretariat, the MC 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 MC 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 enterprise after receipt of a complete application accompanied by all

necessary documentation proof and clarification as requested by the Secretariat. Applicant enterprises 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 applicant enterprise's business** – the project should have direct positive impact on the applicant enterprise's productivity and operation efficiency in Hong Kong;
- (B) **Reasonableness of the budget** – assessment with reference to market prices of the technologies in question as known to the MC or the Secretariat will be made. Individual items of expenditure must be essential and directly related to the implementation of the project;
- (C) **Reasonableness of the implementation details** – consideration may include whether concrete project deliverables and outcomes have been set. The implementation details should be realistic taking into account factors such as the complexity of the technology solution and the project duration;
- (D) **Capability of Service Provider(s)** – consideration will be made to the technical capability of the Service Provider(s). Each Service Provider will be considered on a case-by-case basis having regard to the Service Provider's technical capabilities and experience relating to the project proposed by applicant enterprise; and
- (E) **Past record of Service Provider(s)** as known to the MC and the Secretariat if available.

4.3.2 If a project is worthy of support in principle, the amount of subsidy granted may be adjusted with reference to budget submitted under the application as well as the project cost approved by the MC.

4.3.3 The MC 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 enterprise; or
- (b) a false, inaccurate or incomplete statement or representation is contained in the application; or

- (c) the applicant enterprise 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 MC 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 (tplsp.hkpc.org).

4.4 Avoidance of Conflict of Interest

To avoid conflict of interest, after the submission of applications, applicant enterprises should avoid approaching any members of the MC to discuss their applications with a view to affecting their impartiality of advice. Members of the MC who are directly or indirectly related to an application will be required to declare his/her interests. Where considered appropriate, the Chairperson may request members concerned to refrain from participating in the consideration of or discussion on the relevant application. The composition of the MC can be found at the website of the Scheme (tplsp.hkpc.org).

4.5 Notification of Results

4.5.1 Applicant enterprises will be informed by the Secretariat of the results of their applications after the MC has made the decision. The Secretariat will inform the applicant enterprise 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 An initial approval-in-principle will be given to the successful applicant enterprise. The successful applicant enterprise may be required to revise the application to fulfil the conditions for approval set by the MC, if any. For approved applications, a funding agreement would need to be signed between the successful applicant enterprise and the Secretariat. The application form approved by the MC (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 enterprise and the Secretariat as referred to in paragraph 7.1.

5. FUNDING ARRANGEMENT/FINANCIAL MANAGEMENT

5.1 Disbursement of Subsidy

5.1.1 An initial payment of 50% of the approved funding amount is payable to a designated bank account of the applicant enterprise after signing of the funding agreement. The final payment will be made to the applicant enterprise upon satisfactory project completion and

acceptance of the final report by the MC and the Secretariat. The actual amount of the final payment will be determined by the MC and the Secretariat having regard to the actual total project expenditure upon project completion and any initial payment already disbursed. Expenditure items under an approved project of the Scheme cannot benefit from other funding schemes at the same time.

5.1.2 Within two months after completion of the project, the applicant enterprise should submit the following proof of payment in person or by post plus electronically through email to the Secretariat for the disbursement of the final payment:

- (A) A final report indicating completion of project, a summary of project expenditures and project deliverables;
- (B) Evidence of deliverables (e.g. consultancy report(s), delivery receipt(s), photos, etc.);
- (C) Copy of invoice(s) and corresponding receipt(s) in relation to the payment for each expenditure item. The name of the payer on the invoice(s) and receipt(s) must be the same as the name of the applicant enterprise; and
- (D) The final audited accounts on the income and expenditure of the approved project covering the whole project period from an independent auditor.

5.1.3 Late submission of the required documents specified in paragraph 5.1.2 above may lead to withholding, reduction or cessation of the funding support for the project. Applicant enterprises may contact the Secretariat for assistance if they encounter difficulties in submitting the final report and supporting documents.

5.1.4 The MC and the Secretariat reserve the right to seek clarifications from the applicant enterprise regarding the project and / or the Service Provider(s). Under normal circumstances, the final payment will be made upon submission of all the required documents / supplementary information and the acceptance of the MC and the Secretariat of the final report.

5.1.5 If the applicant enterprise 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 enterprise and/or request return of the disbursed funding in full or in part from the applicant enterprise. Under such circumstance, the Secretariat will inform the applicant enterprise of the decision and its reason.

5.1.6 The applicant enterprise is not entitled to charge any interest or claim any compensation or relief of whatsoever nature against the MC or the

Secretariat for any payment made on a reimbursement basis or in the event of any withholding of payment for any reason whatsoever.

- 5.1.7 The applicant enterprise is required to maintain a bank account as required in paragraph 5.2 below for the purpose of processing all receipts and payments of the project. The applicant enterprise is also required to keep proper and separate books and records for expenses incurred under the project as required in paragraph 5.3 below. The opening of a designated “bank account” for the project is not necessary.

5.2 Account

The successful applicant enterprise is required to maintain under its name a 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 and cash contribution by the applicant enterprise) 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 enterprise until such funds are spent (paid) in compliance with the funding agreement or returned to the Secretariat by the applicant enterprise in accordance with the funding agreement.

5.3 Books and Records

- 5.3.1 The applicant enterprise 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 MC and contribution by the applicant enterprise, 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 MC in respect of the project.

- 5.3.3 The applicant enterprise 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 MC, 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 enterprise will be obliged to make available all project books of accounts and records and explain to the Secretariat, the MC and their authorised representatives any matters relating to the receipt, expenditure or custody of any money derived from the project. The MC reserves the right to require the applicant enterprise to return any misspent amount together with the interest income accrued to the Government.

5.4 Audited Accounts

- 5.4.1 The successful applicant enterprise 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. 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 enterprise will be taken into account by the MC and the Secretariat in considering future applications from the same applicant enterprise or the project team. Any such record may prejudice that applicant enterprise'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 enterprise 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 Secretariat in conducting audits and preparing auditors’ report for each project. The engagement letter shall also specify that the Secretariat, the MC 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 enterprise 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 Applicant enterprises should ensure that all procurement for goods and services (including project auditing) are carried out in an open, fair and competitive manner and the appointment of reasonable qualified Service Providers. In general, for every procurement of equipment or other goods or services for the purposes of or in relation to the project, applicant enterprises should obtain written price quotations with detailed description including breakdown of cost items as mentioned in paragraph 1.4.3, project duration, scope of work and deliverables from **at least two** Service Providers. The procurement contract should be awarded to the Service Provider submitting the lowest conforming price quotation. Notwithstanding to the above, the applicant enterprise may award the procurement contract to higher bidder or highest overall scorer based on technical or other project specific considerations. Justifications must be provided to the satisfaction of the MC and the Secretariat under such circumstances.
- 5.5.2 The applicant enterprise should submit the requisite number of quotations at the time of application as evidence of proper quotations. Where necessary, an applicant enterprise may be requested by the MC or the Secretariat to obtain additional quotations or references to support the cost of equipment, other goods and services. Full justifications to the satisfaction of the Secretariat and the MC must be

provided if the minimum number of quotations as stipulated in paragraph 5.5.1 cannot be obtained.

- 5.5.3 X-ray machines purchased (including hire purchased) and / or ETD equipment already purchased (including hire purchased) or ordered between 30 October 2018 and 30 June 2021 for setting up RACSFs are exempted from the procurement requirement as set out in paragraph 5.5.1 and 5.5.2.
- 5.5.4 The applicant enterprise shall be vigilant against fraud and any anti-competitive conduct by bidders. The applicant enterprise should ensure that each bidder has signed a probity and non-collusive quotation / tendering certificate as part of their quotation submission to the applicant enterprise⁵. Please refer to **Annex 3** for the model clauses and provisions to be included in the probity and non-collusive quotation / tendering certificate.
- 5.5.5 Upon request of the Secretariat, the applicant enterprise 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 enterprise should not engage a service provider/consultant/contractor of the owners, shareholders, management of which are the owners, shareholders, management of the applicant enterprise or their relatives.

5.7 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 enterprise. The risk in the equipment (e.g. loss, damages, liabilities, etc.) shall be also borne by and remain with the applicant enterprise.

⁵ The Independent Commission Against Corruption (“ICAC”) has published a booklet “Strengthening Integrity and Accountability Government Funding Schemes Grantee’s Guidebook” providing applicant enterprises 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>). Applicant enterprises 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 enterprise in ensuring open and effective competition by preventing and detecting possible 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). Applicant enterprises are advised to contact the CC (Tel: 3462 2118) for any questions concerning the brochure.

5.8 Return of Residual Funds

Upon the expiry or termination of the funding agreement or the completion of the project, whichever is earlier, the applicant enterprise shall return to the Secretariat any residual funds⁶ within one month after approval of the final audited accounts of the project by the MC, 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.

6. REPORTING REQUIREMENT

6.1 Progress Report/Final Reports

6.1.1 To facilitate the monitoring and evaluation of approved projects, the applicant enterprise must submit required document to the Secretariat for review. Depending on the project duration, the arrangement for the submission of required document as well as the audited accounts mentioned in paragraph 5.4 is as follows:

Project Duration	Submission of Progress Report	Submission of Final Reports and Final Audited Accounts
18 months or below	Not required	Within two months upon project completion
More than 18 months and up to 24 months	One progress report covering the first 12 months to be submitted within one month after the relevant 12-month period	Within two months upon project completion

6.1.2 Only projects with duration over 18 months require the submission of progress report until project completion or the expiry or termination of the relevant funding agreements to the Secretariat. Each progress report should cover the first 12 months and should be submitted within one month after the relevant 12-month period. It should include a summary of the project progress against the project implementation plan set out in the Approved Application Form appended to the funding agreement as well as a summary of expenditure for the reporting period. It should also include any work and deliverables that have been completed and achieved during the reporting period. The progress report submitted should be verified and endorsed by the project

⁶ 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 enterprise and the Secretariat.

coordinator and the management level of the applicant enterprise.

- 6.1.3 Applicant enterprises of all approved projects are required to submit final reports and final audited accounts (as referred to in paragraph 5.4.1) covering the period from project commencement date to the project completion date or the expiry or termination date of the funding agreement to the Secretariat within two months upon project completion or expiry or termination of the funding agreement. Final report should include a summary of the work and deliverables completed and 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 Approved 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 the products/services of other Hong Kong enterprises that have been used or engaged in implementing the project. The final report submitted should be verified and endorsed by the project coordinator and the management level of the applicant enterprise.
- 6.1.4 The Secretariat will review the project progress and evaluate the project results by comparing the project progress/deliverables reported in the final reports against its implementation plan and deliverables as set out in the Approved Application Form appended to the funding agreement. The applicant enterprise should immediately provide clarification and additional information on the contents of the final reports upon request of the Secretariat. The Secretariat may conduct on-site checking to verify the project progress and results for individual projects as necessary. The Secretariat and the MC 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 the MC for consideration and endorsement. Late submission of the progress/final reports may lead to suspension or termination of the funding support for the project.

6.2 Resubmissions

In case the progress/final report is rejected by the MC, the applicant enterprise should resubmit the revised progress/final report within one month after the relevant notification by the Secretariat.

7. ADMINISTRATIVE HIGHLIGHTS

7.1 Contractual Requirements

- 7.1.1 The successful applicant enterprise 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 MC from time to time in respect of the project or the Scheme. The MC reserves the right to consider lapsing the approval decision in case the applicant enterprise fails to sign the funding agreement with the Secretariat for a prolonged period of time without reasonable justifications deemed acceptable by the Secretariat.

- 7.1.2 A project submitted by the applicant enterprise can commence before it is approved by the MC and before the funding agreement is signed but after the date of submission of application⁷, pending the consideration and approval by the MC. All relevant expenditure incurred as early as after the date of submission of application to the Secretariat may be recognised and funded, provided that the expenditure was incurred within the project duration and the expenditure items were included in the application form approved by the MC. The costs incurred outside the project duration would not be funded.

7.2 Appointment of Project Coordinators

The successful applicant enterprise will be required to appoint one of their active employees as project coordinator who will be responsible for overseeing the implementation of the project, monitoring the proper use of funds in accordance with the “Project Expenditure” section of the Approved Application Form, 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.

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, implementation plan, deliverables or replacement of the project coordinator, shall require prior written approval by the Secretariat and the MC. Reasons with supporting documents for the changes must be provided.

7.4 Suspension or Termination of Funding Support

Any applicant enterprise who knowingly or wilfully makes a false statement, misrepresents or conceals any information in order to obtain subsidy under the

⁷ The submission date of application is according to the Secretariat’s confirmation of receipt date of application form and required documents.

Scheme by deception commits a criminal offence and is liable on conviction to imprisonment.

The MC 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 progress/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 MC, a breach of the terms and conditions of the funding agreement, or if the MC sees fit to terminate the project in public interest. The applicant enterprise 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 enterprise has already spent the funds or not) to the Government via the Secretariat.

Once a project is suspended or terminated, the applicant enterprise 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 enterprise.

7.5 Intellectual Property Rights

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

7.6 Participation in Publicity and Promotional Activities

Successful applicant enterprises will be required to share the experience gained in implementing the projects approved under the Scheme with other enterprises. 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 successful applicant enterprises as arranged by the Secretariat or the Government. The successful applicant enterprises 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 successful applicant enterprises 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.

7.7 Acknowledgement of Funding Support

Successful applicant enterprises 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.

7.8 Assignment

Unless prior written approval from the MC is obtained, the applicant enterprise 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 upon assignment, transfer, disposal or termination of the project.

7.9 Handling of Information

The Secretariat and the MC 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 MC 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 enterprises 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 enterprise/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 enterprises/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).

7.10 Indemnity

The applicant enterprise shall indemnify and keep each of the Secretariat, the MC 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 MC 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 enterprise, the willful, misconduct, default, unauthorised act or willful, omission of the applicant enterprise, 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 enterprise 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 or any member of the MC 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 MC may also cancel the application approved and hold the applicant enterprise liable for any loss or damage which the Government and/or the MC may sustain.

8. ENQUIRIES

Enquiries regarding the Scheme can be addressed to HKPC, the Secretariat of the Pilot Subsidy Scheme for Third-party Logistics Service Providers:

Address: HKPC Building, 78 Tat Chee Avenue
Kowloon, Hong Kong
Telephone: (852) 2788 6077
Fax: (852) 3187 4535
E-mail: tplsp_sec@hkpc.org
Website: tplsp.hkpc.org

**Secretariat of the Pilot Subsidy Scheme for Third-Party Logistics Service Providers
January 2021**

Annex 1

Detailed Scope of Logistics Technology Adoption, X-ray machines and ETD equipment Procurement

Logistics Technology Adoption

The Scheme covers all projects that encourage third-party logistics service providers to enhance productivity and competitiveness through the implementation of logistics technology solution(s). The applicant enterprise must show in the application how the adoption of those solutions will have direct positive impact on enhancing their productivity and operation efficiency.

Some examples of logistics technologies falling within the scope of the Scheme are set out below:

Solution examples	Descriptions
Automation, robotics and Artificial Intelligence applications	Enhance warehouse operation efficiency and order fulfillment efficiency through the adoption of devices that assist the movement of goods and those that improve their handling. Solution examples including but not limited to Automated Storage & Retrieval Systems, Automated Picking Systems, Automatic Guided Vehicles (AGV), Autonomous Mobile Robots, Conveyor systems, Cubing and weighing systems, High Bay Robot systems and other Autonomous material handling equipment, etc.
Technology infrastructure	Enhance overall productivity by interconnecting people, hardware, software, servers, network devices and data platforms. Solution examples including but not limited to mobile mesh network and devices, RFID Platform Interoperable Gateway, Information Kiosk, Building Management System (BMS), etc.
Electronic Data Interchange (EDI) system	Strengthen business partnership and customer engagement through data synchronization among multiple business units and individual customers,

	including but not limited to shipment management system, order management system, customer relation management system, etc.
Warehouse/ Distribution center Management System (WMS)	Adopt computerised system to visualize, support and streamline the warehouse/distribution center operation, including but not limited to operation planning, inventory management, staff and workload assignment, milestone and progress monitoring, etc.
Transportation Management System (TMS)	Adopt computerised system to visualize, support and optimise company's transportation operations, including but not limited to daily transportation operations monitoring, trade compliance information and documentation, tracking and tracing of incoming and outgoing shipment, etc.
Real-time location system (RTLS)	Enhance traceability of location of goods by gathering real-time information through a wireless system, including but not limited to barcode/QR-code/GPS/RFID tracking and tracing systems, tags, anchors and location sensors, etc.
Enterprise Resources Planning System (ERP)	Adopt computerised system to integrate operational processes needed to run their companies, including but not limited to operational planning, inventory monitoring, sales and marketing, finance, human resources, etc.
Internet-of-Things (IoT) and RFID Applications	Introduce through the integration of IoT and RFID, including but not limited to active and passive RFID readers and tags, RFID-based robot navigation systems, RFID/IoT-based smart shelving systems, environment sensors and monitoring platforms, energy harvesting BLE/RFID Devices, etc.

Logistics and Supply Chain Analytics Applications	Applications that assist in the harvest and use of massive amounts of data generated throughout the operation cycle, with the aim of optimising supply chain performance, achieving lean supply chain, uncovering patterns, generating insights and making data-driven decisions.

Purchase of X-ray machines and / or ETD equipment

The Scheme covers the purchase (including hire purchase) of X-ray machines and / or ETD equipment already purchased (including hire purchased) or ordered between 30 October 2018 and 30 June 2021 for the purpose of setting up RACSFs. ETD equipment already purchased (including hire purchased) or ordered on or before 30 June 2021 but submission of notification of change of RACSFSP not yet completed by the same deadline will also be covered by the Scheme, subject to the subsequent successful submission of notification of change of RACSFSP to the CAD. Such purchase would be subject to the same parameters of the Scheme as set out in Parts 4 to 7 of this Guide. The models of such X-ray machines and / or ETD equipment and the licensing for RACSFs must have the acceptance of the CAD at the time when full funding is sought. An approved list of X-ray Screening Equipment and ETD equipment by CAD will be appended to and form part of the funding agreement to be signed between the applicant enterprise and the Secretariat as referred to in paragraph 7.1.

As one of the purposes of providing subsidy for the purchase of aforesaid X-ray machines and / or ETD equipment is to ensure that there will be RACSFs with sufficient screening capacity to cope with increased screening demand in Hong Kong before ICAO's policy becomes effective, the applicant enterprises would also need to demonstrate that the licensing for RACSFs would be obtained and the RACSFs would be in operation on or before 30 June 2021.

X-ray machines purchased (including hire purchased) and / or ETD equipment ordered after 30 June 2021, or those purchased or ordered for licensing for RACSFs coming in operation only after 30 June 2021, would not be eligible for the Scheme.

For more information regarding RACSF Scheme and the latest version of approved X-ray Screening Equipment and ETD equipment by CAD, please refer to the CAD's website - https://www.cad.gov.hk/english/icao2021_xray.html

The Requirement of Substantive Business Operations in Hong Kong

When considering whether the applicant enterprise has substantive business operations in Hong Kong, various factors will be considered, including but not limited to:

- Nature of the business operations in Hong Kong
- size/extent/percentage of the business operation in Hong Kong
- investment amount in Hong Kong
- number of employees in Hong Kong
- information of customers/clients
- year of establishment
- whether profits are tax assessable in Hong Kong
- information/assessment issued by relevant financial and professional organisations

To facilitate the assessment on whether an applicant enterprise has substantive business operations in Hong Kong, it has to submit documentary proof to the Secretariat of the Scheme for consideration, examples of documents are as follows:

Applicant Enterprise's Information	Examples of Documents
Business Operations	Commercial contracts, invoices, receipts, quotation documents, freight forwarding documents, bank records, records of purchase/sales of goods, office tenancy, water/electricity bills
Financial Information	Audited accounts, financial report, monthly bank statements, Profit Tax Returns and taxation assessment issued by the Inland Revenue Department
Information of Employees	Mandatory Provident Fund records or approved retirement plan records, employees' employment contract, salary payment record, staff identity documents

Annex 3

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

(Name of Procurer, i.e., Pilot Subsidy Scheme Grantee)

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.

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

(Date)

To: _____
(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.

(Version: 04/2021)

Yours faithfully,

(Signature)

Name :

Position :

Company Name :

Company Chop :
