

**Agreement in relation to the grant under the Social Innovation and
Entrepreneurship Development Fund (“Agreement”)**

Summary of principal terms for projects costing over \$300,000

This summary of principal terms is not intended to be a legally binding document. The provision of the Grant as contemplated hereunder and the terms and conditions set out in this summary are subject to the definitive agreement to be entered into between Parties.

- Parties:** The Secretary for Home Affairs Incorporated, as the Trustee of the Social Innovation and Entrepreneurship Development Fund (“**Trustee**”)
- [Insert full name of the Grantee] (“**Grantee**”)
- Project:** [Insert description of project as contained in the approved project proposal (“**Approved Project Proposal**”) submitted to the Trustee] (“**Project**”)
- Intermediary:** [Insert full name of the Intermediary] (“**Intermediary**”)
- Term:** From [Date] (“**Commencement Date**”) until [Date] or the date of completion of all obligations and tasks required to be carried out by the Grantee under the Agreement to the Trustee’s satisfaction (whichever is the later) (“**Expiry Date**”), unless otherwise specified.
- Grant:** The sum of HKD [Amount] only (HK\$[Amount]) (“**Grant**”)
- Payment of Grant:** The Grant shall be remitted to the Grantee into a designated bank account in the number of installments and at such time as specified in the Agreement.
- Payment of each installment of the Grant is subject to, including but not limited to:
- (a) receipt and acceptance by the Trustee (via the Intermediary) of reports as specified in the Agreement (i.e. reports on implementation of approved project and use of the Grant);
 - (b) the Intermediary’s recommendation of payment of the installment by submission of a claim form; and
 - (c) the Grantee’s compliance with its obligations under the Agreement.

- Grantee's Warranties:** The Grantee warrants and confirms:
- (1) it is a statutory organisation or an organisation registered under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong);
 - (2) the information given in the Approved Project Proposal submitted to the Trustee through the intermediary is true and accurate in all material respects;
 - (3) the Grantee is not entitled to and has not received financial support from other Government funding schemes for the Project [save with the prior written approval of the Trustee]; and
 - (4) the Grantee is not insolvent and does not know any circumstance which would entitle any creditor to exercise any rights over the Grantee's assets.

Grantee's General Undertakings: The Grantee undertakes to the Trustee that the Grantee shall:

Implementation of the Project

- (1) **Objective of Project** - carry on the Project and the objective of the Approved Project Proposal ("**Objective**") until three (3) years after the Expiry Date;
- (2) **Manner in carrying out the Project** - use its necessary experience, skill, care, diligence and expertise to carry out the Project in a professional, timely and diligent manner;
- (3) **Reports to Trustee** – carry out the Project in accordance with the Approved Project Proposal and provide reports, which shall be prepared in such format as specified by the Trustee and include the financial statements in respect of the project, to the Trustee on the implementation of the Project and use of the Grant from time to time as directed by the Trustee;
- (4) **Provision of information** - provide all necessary advice, assistance and information as may be requested by the Trustee or its representatives from time to time;
- (5) **Notification of change** - notify the Trustee in writing if there is any material change to any information in the Approved Project Proposal submitted to the Trustee;

- (6) ***Access to information*** – upon reasonable prior notice from the Trustee, allow the Trustee and its representative access, at reasonable hours, to all information, accounts, personnel and premises relevant to the implementation of the Project and/or the proper use of funds and resources;
- (7) ***Liaison Officer*** - appoint a liaison officer who shall be a person agreed by the Trustee to liaise with the Trustee in relation to the implementation of the Project;
- (8) ***Adherence to relevant guidelines*** - adhere to the relevant guidelines, manuals or any other instructions issued by the Trustee and the Intermediary;
- (9) ***Participation in activities*** - permit the Trustee’s representatives to attend and participate in activities that are part of the implementation of the Project;
- (10) ***Non-representative of the Trustee*** - not advertise or hold itself out or represent itself as an agent, employee, servant or partner of the Trustee or the intermediary, or suggest or imply the Trustee is in any way responsible for its acts and/or omission;
- (11) ***Central administration overhead*** - in case the operation of the Grantee is supported by central administration services from other parties, the central administration overhead so charged in excess of 5% of the sum of the Grant amount and the matching fund amount as stated in the budget (“**Approved Project Sum**”) must not be included in the books of accounts unless otherwise approved by the Trustee;
- (12) ***Procurement*** - purchase goods and services in relation to the Project in a fair, open and value for money manner; follow competitive bidding procedures according to the value of single procurement / contract; keep proper record of all quotations and tendering documents; and disclose to the Trustee / Intermediary the nature of conflict of interest for goods and services procured from associated person prior to entering into a contract with such person;
- (13) ***Insurance*** - ensure that there will be in place during the continuance of this Agreement relevant insurance policies (including but not limited to a public liability policy of insurance) to protect the Grantee, the Intermediary and the

Trustee against all risks which are material to the implementation of the Project;

- (14) **No conflict of interest** - ensure it (including its associates, associated persons and relevant persons) has no conflict of interest in connection with transactions entered into for the implementation of the Project;
- (15) **No corrupt gifts and commission** - refrain from offering, soliciting or accepting from any person any money, gifts, or advantage or lavish entertainment in relation to the performance of its obligation under the Agreement;
- (16) **Compliance with law** - comply with applicable laws, regulations and judicial requirements;

Financial control

- (17) **Use of the Approved Project Sum** - use the Approved Project Sum exclusively for carrying out the Project and shall not make changes to the objective, the Approved Project Proposal and the approved budget (“**Approved Budget**”) without the Trustee’s prior consent;
- (18) **Capital Portion and Operating Portion** - use the Approved Project Sum in accordance with the respective limits of the portion for financing the budgeted capital expenditures of the Grantee (“**Capital Portion**”) and the portion for financing the budgeted operating deficits of the Grantee (“**Operating Portion**”) as stated in the Approved Budget; and shall forthwith obtain approval of the Trustee in writing if the Grantee at any time wish to transfer more than 30% of the Capital Portion to the Operating Portion or vice versa;
- (19) **Accounts and records** - properly retain books of accounts and record in relation to the Project and any procurement process (“**Accounts**”) for at least 7 years; and shall allow the Trustee (and its representatives) and the Director of Audit to have access to them for inspection, verification and copying during the continuance of the Agreement and 7 years after Expiry Date or the earlier termination of the Agreement;
- (20) **Designated Bank Account** - maintain a designated bank account with a bank licensed in Hong Kong (“**Designated Bank Account**”) and inform the Trustee (via the

Intermediary) of details of the Designated Bank Account. Money can only be withdrawn for the purpose of funding the implementation of the Project;

- (21) ***Deposit of matching fund*** - deposit the matching fund provided by matching funders in cash as specified in the Approved Budget, if any, into the Designated Bank Account unless otherwise approved by the Trustee; and shall produce such documentary evidence as may be requested by the Trustee in connection with the source of such matching fund;
- (22) ***Transaction prior to the Commencement Date*** - any transaction made prior to the Commencement Date shall not be recorded in the Accounts;
- (23) ***Staff remuneration*** - not charge the accounts in respect of remuneration or reward payable to any person other than remuneration or reward wholly exclusively or necessarily attributable to that person's service in the implementation of the Project;
- (24) ***Unspent portion of the Grant*** - keep the unspent portion of the Grant in the Designated Bank Account at all times and return it to the Trustee upon expiry or termination of the Agreement unless the Grantee submits a proposal to retain or withdraw the amount and such proposal is accepted by the Trustee;
- (25) ***Reinvestment of distributable profits*** - reinvest not less than 65% of its distributable profits solely and exclusively for the purpose of the Project during the continuance of this Agreement and three (3) years after the Expiry Date or date of termination of this Agreement (as the case may be) unless otherwise agreed in writing by the Trustee for an exemption;
- (26) ***Key management*** - acknowledge that as at the date of this Agreement, the persons as set out in the Particulars of the Grantee attached to this Agreement constitute key persons comprising the Grantee's key management who are primarily responsible for the operations of the Grantee; and undertakes that during the term of this Agreement, such persons shall remain as members of the Grantee's key management;

- (27) ***Change in management of the Grantee*** - not effect any change in the ownership of the Grantee representing more than 5% of the shareholding, equity, voting right or similar participation interest in the Grantee during the continuance of this Agreement and three (3) years after the Expiry Date of this Agreement, without obtaining the prior consent of the Trustee;
- (28) ***Assets*** - maintain a register of assets funded by the Capital Portion and shall not transfer, sell, charge, alter the usage of, dispose of or otherwise part with the possession of these assets without obtaining the prior written approval from the Trustee during the continuance of this Agreement and three (3) years after the Expiry Date, and if approved, deposit all the relevant proceeds into the Designated Bank Account;
- (29) ***Compliance with the corporate/project governance plan*** - conduct the implementation of the Project in compliance with the corporate/project governance plan stated in the Approved Project Proposal and subject to such variation as the Trustee sees fit; and
- (30) ***Audit of financial statements*** - for the annual and final financial statements, engage auditor to conduct audit in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” as issued and updated by the Hong Kong Institute of Certified Public Accountants, to express opinion on whether the financial reports are fairly stated, and the project has complied with the terms in the agreement and followed proper procurement procedures.

**Matching Fund,
Sponsorship and
Donation:**

The Grantee shall collect the committed matching fund in cash or in kind as specified in the Approved Budget, and/or may accept sponsorship or donation from sponsors or donators for support of the Project provided that:

- (1) obligations imposed on the Grantee by such matching funders, sponsors or donors are consistent with the terms and conditions of the Agreement and the objective of the Project;
- (2) the Grantee shall promptly notify the Trustee if the Grantee becomes aware of any change to the objectives of such matching funders, sponsors or donors which could contravene the objective of the Project; and

- (3) all amounts received from such sponsors or donors are captured in the financial statements of the Project.

Intellectual Property Rights:

The Trustee may from time to time use or authorise others to use the Grantee's intellectual property rights in the Trustee's and HKSAR Government's publicity or other materials of non-commercial use. The Trustee's and the Government's right to use above shall be free of any royalty, licence fee or other charge, and may be exercised throughout the world and for the whole period of time during which such Intellectual Property Rights shall continue to subsist.

The Grantee agrees and shall procure that under no circumstances should the Trustee, the Intermediary or the Government be held liable for any infringement, violations or breaches of Intellectual Property Rights or other rights including but not limited to any moral rights of any persons in relation to such use.

Indemnity:

The Grantee shall, on demand, indemnify and keep the Trustee and the Intermediary, their authorised representatives, officers, employees, assigns and successors-in-title fully indemnified against all losses or damages arising out of or in connection with the implementation of Project.

Completion and Termination:

The Trustee may terminate the Grant at any time without liability for compensation with immediate effect by written notice to the Grantee upon occurrence of the following non-compliance events:

- (1) failure to carry out the Project;
- (2) breach of any terms, conditions or undertakings;
- (3) the objective of the Project has substantially deviated from the one stated in the Approved Project Proposal;
- (4) assignment of the Agreement by the Grantee without consent from the Trustee;
- (5) engage in any conduct prejudicial to the Project or the SIE Fund;
- (6) winding-up and/or insolvency of the Grantee;
- (7) failure to submit reports or any information or the information submitted is incomplete, incorrect, untrue or is misleading to a material extent;
- (8) the Grantee or its key management is convicted of an criminal offence by a court in Hong Kong or commit fraudulent or

Private and confidential
Subject to contract

other inappropriate acts which may in the Trustee's opinion, adversely impact the implementation of the Project and/or the reputation of the Project or the SIE Fund; or

- (9) the Trustee does not accept any Relevant Ownership Change or change to the composition of the Grantee's Key Management.

Subject to the prior written approval of the Trustee, the Grantee may terminate the Grant without cause by giving at least 14 days' notice to the Trustee provided that the Grantee shall return to the Trustee all or any part of the Grant paid to the Grantee with interest.

The Trustee may terminate this Agreement without cause and without entitling the Grantee any compensation whatsoever by giving at least 14 days' notice to the Grantee.

Confidentiality:

The Grantee shall take all necessary steps to maintain confidentiality in the Confidential Information. In particular, the Grantee and each relevant person shall not make use of, reproduce or otherwise publish (in any medium) any Confidential Information other than in the performance of its obligations under this Agreement save with the prior consent of the Trustee.

Governing Law:

Hong Kong laws.

Disclaimer: The information set out herein is only a non-binding brief summary of the terms and conditions contained in the Agreement. It is intended to facilitate the Grantee's consideration of the Agreement and not intended to be legally binding or to give rise to any other rights or obligations. Nothing herein shall constitute any commitment of the Trustee to provide the Grant. The provision of the Grant is subject to the terms and conditions of the legally binding Agreement to be entered into between the Parties.