

**Revitalising Historic Buildings Through Partnership Scheme
(Batch VII)
Guide to Application**

Table of Contents

	<u>Page</u>
I. Introduction	
1.1 Background	1
1.2 Objectives of the Revitalisation Scheme	1
II. Application	
2.1 Eligibility	2
2.2 Application Procedures	2
2.3 Deadline for Submission	4
2.4 Submission of Application	4
2.5 Guided Tour and Workshop	6
2.6 Notification of Results	6
2.7 Withdrawal	8
2.8 Intellectual Property Rights in respect of the application form	8
2.9 Assistance to Applicants During the Application Process	9
III. Assessment of Project Proposals	
3.1 Advisory Committee on Built Heritage Conservation	10
3.2 Assessment Criteria	11
IV. Scope of Funding and Other Support	
4.1 Funding Support to SPCs	16
4.2 Other Support to Selected Applicants / SPCs	19
V. Administrative and Financial Arrangements	
5.1 Contractual Requirements	20
5.2 Payment Arrangements	20
5.3 Books of Accounts and Records	21
5.4 Project Bank Account and Interest	21
5.5 Title to Fixed Assets	22
5.6 Project Income and Residual Funds	22

Table of Contents

	<u>Page</u>
5.7 Use of Information and Data	23
5.8 Procurement and Staff Employment	23
5.9 Insurance	25
5.10 Financial Guarantees, Undertakings and Indemnities	25
VI. Monitoring Mechanism	
6.1 Renovation of Historic Buildings	27
6.2 Upkeep of Historic Buildings	29
6.3 Regular Progress Reports and Final Evaluation Report	29
6.4 Audited Financial Statements	30
6.5 Visits and Progress Review Meetings	31
6.6 Commencement of Social Enterprise Operation	31
6.7 Tenancy Agreement	32
6.8 National Security Law	33
6.9 Premature Termination of Project	33
VII. Notes on Personal Data	
7.1 Purposes of Collection	34
7.2 Classes of Transferees	34
7.3 Access to Personal Data	34
7.4 Enquiries	34

Note:

- (i) The contents of this Guide will be reviewed and updated in the light of actual experience. Subsequent revisions will be promulgated via the Development Bureau's website on Heritage Conservation (<https://www.heritage.gov.hk>).
- (ii) In case of any discrepancies between the English and the Chinese versions of this Guide, the English version will prevail.

December 2023

I. Introduction

1.1 Background

As an important measure underpinning the Government's heritage conservation policy, the Chief Executive announced in his 2007-08 Policy Address the launching of the Revitalising Historic Buildings Through Partnership Scheme ("**the Revitalisation Scheme**"). Under the Revitalisation Scheme, non-profit-making organisations ("**NPOs**") are invited to submit proposals to revitalise selected government-owned historic buildings to provide services or run business in the form of social enterprise.

So far, six batches of the Revitalisation Scheme have been launched including 22 government-owned historic buildings and declared monuments. Please visit the Development Bureau's website on Heritage Conservation (<https://www.heritage.gov.hk>) for details of the Revitalisation Scheme.

1.2 Objectives of the Revitalisation Scheme

The Revitalisation Scheme aims to:

- (a) preserve and put historic buildings into good and innovative use;
- (b) transform historic buildings into unique cultural landmarks;
- (c) promote active public participation in the conservation of historic buildings;
and
- (d) create job opportunities in particular at the district level.

II. Application

2.1 Eligibility

- 2.1.1 The applicant should be an NPO with charitable status under section 88 of the Inland Revenue Ordinance (Cap. 112). An NPO can partner with non-section 88 organisations (i.e. non-charitable organisations (“NCOs”)) in submitting a joint application, with the NPO (section 88 organisation) as the principal applicant and NCOs as the cooperating applicant(s). Applications in personal capacity will not be accepted. Applicants with or without local experience in heritage conservation, are equally welcome.
- 2.1.2 To accommodate interested organisations that may not already possess the status as described in paragraph 2.1.1 above, the applicant that have formally submitted an application for charitable status to the Inland Revenue Department will also be allowed to apply but the principal applicant must have obtained the charitable status within nine months after the application deadline, otherwise the application will not be further processed.

2.2 Application Procedures

- 2.2.1 The Government will publish, and update from time to time, a list of historic buildings that are available for applications of the Revitalisation Scheme (“**the published list**”).
- 2.2.2 Applications should be made on the prescribed form of the Revitalisation Scheme which can be downloaded from the Development Bureau’s website on Heritage Conservation (<https://www.heritage.gov.hk>).
- 2.2.3 All sections of the application form must be complete. Otherwise, the submitted application may not be further processed. The application form must be typed or printed.
- 2.2.4 Resource kits containing the following information in respect of the historic buildings under the Revitalisation Scheme can also be downloaded from the Development Bureau’s website on Heritage Conservation (<https://www.heritage.gov.hk>):

- (a) introduction;
- (b) historical background and architectural merits;
- (c) site information;
- (d) building information;
- (e) vicinity and access;
- (f) conservation guidelines;
- (g) town planning issues;
- (h) land and / or tree preservation issues;
- (i) slope and / or structural maintenance;
- (j) technical compliance for possible uses; and
- (k) special requirements.

All the above information will be useful for preparation of the applications. Interested applicants should read it carefully.

- 2.2.5 An applicant should complete one application form for each historic building.
- 2.2.6 Joint applications submitted by more than one NPO and / or with NCOs (Paragraph 2.1.1 refers) are also welcome. However, there should be clear accountability arrangements, with one of the NPOs being identified as the principal applicant.
- 2.2.7 The selected applicant, if not already a special purpose company (“SPC”), should set up a SPC which must possess charitable status under section 88 of the Inland Revenue Ordinance (Cap. 112) for the sole purpose of the project within twelve months after announcement of selection results.
- 2.2.8 Applicants are required, under the “Management Capability and Other Considerations” of the application form, to describe the purpose and corporate structure of their SPCs and how they will be financed and

safeguarded from monetary transactions beyond the project. Details should include, without limitation, about their directors, shareholders, holding company / companies and beneficial owners; their respective capital contributions; the forms and the terms and conditions of such contributions; the proposed capital structure for undertaking the project; and detailed information on shareholders' agreements and memorandum and articles of association of the SPCs. The selected applicant should propose and undertake adequate measures to facilitate financial monitoring by the Government during the tenancy period, in particular to facilitate detection of any attempt to siphon off funds intended for or arising from the project to serve the project unrelated purposes.

2.3 Deadline for Submission

The application closing dates for individual historic buildings on the published list will be announced through the Development Bureau's website on Heritage Conservation (<https://www.heritage.gov.hk>).

2.4 Submission of Application

2.4.1 This Guide should be read carefully and compiled with before completing and submitting an application.

2.4.2 The application form must be signed by the person-in-charge (“**PIC**”) who is either the Chairperson or Chief Executive of the applicant, or the principal applicant (for joint application). The PIC shall have the authority to sign the Tenancy Agreement on behalf of the applicant or the joint applicant, be accountable for the project implementation, and be responsible for endorsing project submission. Any application without the signature of an acceptable PIC or without the official chop of the applicant or the principal applicant will not be considered. In case of doubts, the applicant should contact the Revitalisation Scheme Secretariat prior to submission of the application.

2.4.3 The following documents for the application **should reach** the Revitalisation Scheme Secretariat at the Commissioner for Heritage's Office on Unit 701B, 7/F, Empire Centre, 68 Mody Road, Tsim Sha Tsui East, Kowloon by the stipulated deadline:

- (a) the original plus one copy of the completed application form (including a checklist of submission of financial information). Application submission through e-mail will not be processed;
- (b) a soft copy of the completed application form (either in PDF format (compatible with Adobe Acrobat DC) or Microsoft Word format (compatible with Microsoft Word 2016 version)) stored in a USB flash drive or CD-ROM / DVD-ROM disc, together with an additional soft copy on the financial projections in Microsoft Excel format (if discrepancies are found between the hard copy and soft copy of the application form, the content in the hard copy prevails);
- (c) documentary proof of eligibility to apply (please refer to paragraphs 2.1.1 and 2.1.2 above);
- (d) copies of relevant registration documents (please refer to Section I – Parts C and D of the application form); and
- (e) supporting documents on the application **in connection with the aspects of Financial Viability, and Management Capability and Other Considerations** if any.

If applicants fail to submit items (a) – (d) in accordance with the requirements, or fail to provide the essential information on the application form, e.g. schedule of accommodation, estimated capital cost, business plan, financial projections, etc., by the deadline, the Government reserves the right to disqualify the application(s) concerned. All submitted documents and materials will not be returned to the applicants.

2.4.4 Please note that no extension to the application form and no attachments, except the supporting documents mentioned in paragraph 2.4.3 (c) to (e) above, would be accepted. **Application forms with other additional attachments and those exceeding 38 pages will be considered as non-conforming applications.** Late applications shall not be considered.

2.4.5 If the application is submitted by mail, the postmark should be dated on or before the deadline.

2.4.6 Acknowledgement will be sent by the Revitalisation Scheme Secretariat upon receipt of an application within 14 calendar days from the date of receipt of the application.

2.4.7 Incomplete applications or applications that fail to comply with the requirements as set out in this Guide may not be considered and processed.

2.5 Guided Tour and Workshop

The Revitalisation Scheme Secretariat will organise guided tour(s) for the historic building(s) under application on specified dates after commencement of the application period to allow prospective applicants to understand the historic building(s). Workshop(s) to assist prospective applicants in preparing their applications will also be held. Please visit the Development Bureau's website on Heritage Conservation (<https://www.heritage.gov.hk>) for details nearer the time. Registration methods will be announced on the website.

2.6 Notification of Results

2.6.1 Applicants will be notified of the outcome after the Advisory Committee on Built Heritage Conservation ("**the Advisory Committee**") has completed its deliberation and assessment. Applicants may assume that their applications are not shortlisted for further assessment if they have not been contacted by the Revitalisation Scheme Secretariat after six months from the close of application.

2.6.2 Proposal details of the selected applications will be uploaded to the Development Bureau's website on Heritage Conservation (<https://www.heritage.gov.hk>) after announcement of the selection results.

2.6.3 Each selected applicant will be given an approval-in-principle ("**AIP**"). Upon appointment of consultants, the selected applicants / SPCs will then be required to carry out investigations and site surveys, prepare detailed designs and submit plans of alteration and addition works to the Building Authority for approval. They will also be required to submit a Heritage Impact Assessment ("**HIA**") report to the Antiquities and Monuments Office ("**AMO**") for consultation and to the Antiquities Advisory Board for endorsement. In addition, for each project they may need to go through, inter alia, the following procedures:

- (a) prepare a Technical Feasibility Statement by the applicant's own resources for seeking Government's funding for major renovation works via the Government's Capital Works Programme;
- (b) apply for funding to carry out the major renovation works (i.e. involving works listed in paragraph 4.1.1(a)(i) to (v)) from the Finance Committee of the Legislative Council ("**LegCo**") and / or the Financial Services and the Treasury Bureau ("**FSTB**") via the Government's Capital Works Programme. The funding application will be put forward by the Development Bureau, but the selected applicant / SPC is expected to provide all information to support the funding application and to attend LegCo meetings and public consultations if required. The Revitalisation Scheme Secretariat will provide assistance;
- (c) submit application(s) under the Town Planning Ordinance (Cap. 131) to obtain permission / approval of the Town Planning Board for the proposed use of the project;
- (d) prepare all presentation materials, including visual images and documents, for public consultations;
- (e) apply for a permit from AMO under section 6 of the Antiquities and Monuments Ordinance (Cap. 53) if the historic building is a proposed monument or a monument; and
- (f) prepare an Environmental Impact Assessment submission to the Environmental Protection Department.

2.6.4 If the selected applicants / SPCs fail to obtain the permission / approval from the Town Planning Board mentioned in paragraph 2.6.3(c) within a specified period as stipulated in the AIPs, the Government reserves the right to withdraw the AIPs and invite applications for the historic buildings concerned afresh. Similarly, if the funding applications are not approved by LegCo, the Government reserves the right to withdraw the AIPs. No compensation will be payable to the selected applicants / SPCs under either situation.

2.6.5 The Government is not bound to accept any applications submitted and reserves the right to announce the application results and to disclose the identity of the selected applicants without the consent of the selected applicants or any other applicants. An application shall not be deemed to have been accepted unless and until a Tenancy Agreement is signed between the SPC and the Government. The Government shall have the right to call upon the SPC to sign, within a reasonable time, a Tenancy Agreement in the standard format of the Commissioner for Heritage's Office incorporating project particulars and the salient points of the finalised proposal.

2.7 Withdrawal

Applicants may write to the Revitalisation Scheme Secretariat to withdraw their applications at any time before funding approval is sought from FC or FSTB under delegated authority. Thereafter, no withdrawal will be allowed unless under very special circumstances approved by the Government.

2.8 Intellectual Property Rights in respect of the application form

The Government, the Advisory Committee, and their respective authorised users, assigns and successors-in-title shall have the right to do any acts which are restricted by copyright under sections 22 to 29 of the Copyright Ordinance (Cap. 528 of the Laws of Hong Kong) in respect of the application forms and all the related documents or materials submitted by the applicants, for purposes including without limitation the assessment of the applicants' applications, management of the Revitalisation Scheme, the disclosure made pursuant to paragraph 2.6.5 and all other purposes incidental thereto.

2.9 Assistance to Applicants during the Application Process

2.9.1 Applicants may contact the Revitalisation Scheme Secretariat for enquiries regarding the submission of application:

Address: Revitalising Historic Buildings Through Partnership Scheme
Secretariat
Commissioner for Heritage's Office
Development Bureau
Unit 701B, 7/F, Empire Centre, 68 Mody Road
Tsim Sha Tsui East, Kowloon

Email: rhb_enquiry@devb.gov.hk

Phone: 2906 1560

Fax: 2906 1574

2.9.2 Information provided in response to enquires may be shared with other applicants via a "Frequently Asked Questions" section on the Development Bureau's website on Heritage Conservation (<https://www.heritage.gov.hk>).

III. Assessment of Project Proposals

3.1 The Advisory Committee

- 3.1.1 The Advisory Committee, which comprises Government and non-Government experts, is responsible for the assessment of applications received under the Revitalisation Scheme, and then make recommendation on the selected proposals to the Secretary for Development for approval. The Advisory Committee comprises members from different fields and professions including architecture, historical research, social enterprise, engineering, surveying, town planning, finance, business, heritage conservation as well as art and cultural sector in the community. The Advisory Committee will assess new applications and monitor existing projects under the Revitalisation Scheme amongst other things.
- 3.1.2 To avoid conflict of interest, members of the Advisory Committee who are directly or indirectly related to any applicants or any applications will be required to declare interest and refrain from taking part in the discussion of the relevant applications.
- 3.1.3 There will be two rounds of assessment. The first round will be conducted based on the information provided in the application form. Applicants will be required to submit a conceptual plan comprising initial design proposal, schedule of accommodation and cost estimates on the technical front.
- 3.1.4 Applicants which have passed the first-round assessment, will be eligible for the second-round assessment. The shortlisted applicants will be invited to interviews to present their proposals before the Advisory Committee. They may also be required to answer questions on their proposals and / or provide further information, such as detailed technical submissions, cost estimates with detailed breakdown, financial statements to demonstrate the financial capability of the applicant, etc. within a specified period. Details of the information required will be provided separately to the shortlisted applicants.

- 3.1.5 For the purpose of assessing their applications, applicants may be invited to present their proposals to the Advisory Committee (Paragraph 3.1.4 refers). Where necessary, the applicants may conduct additional visit(s) to the site and the Revitalisation Scheme Secretariat may also visit the applicants' current business or service. The interview, the presentation and the site visits to the applicants' current business or service will form part of the assessment.
- 3.1.6 If necessary, the Revitalisation Scheme Secretariat will consult relevant bureaux and departments for advice on the applications during the assessment process. The information will be consolidated by the Revitalisation Scheme Secretariat and reported to the Advisory Committee for consideration.
- 3.1.7 Decisions of the approving authority in respect of project applications will be final.

3.2 Assessment Criteria

- 3.2.1 During both rounds of assessment, the Advisory Committee will examine and assess the applications in accordance with the following marking scheme. If applicants fail to provide information in any of the four areas of assessment, the submitted applications may not be further processed. **Applicants must attain the passing marks in respect of each area to be qualified for entering into the second-round assessment.**

Areas of assessment	Scores	Passing Mark
<p>(a) <u>Reflection of historical value and significance under modern-day requirements:</u></p> <ul style="list-style-type: none"> ● design concept to retain the architectural authenticity under modern-day requirements¹; ● how the proposal can bring out the historical value and significance; ● arrangement for display area for interpretation of the historical and architectural values; ● arrangement for documentation of the entire revitalisation process; ● retention of architectural authenticity; ● compatibility of the nature of proposal versus the historical value of the building; and ● capital cost.² 	30%	15%
<p>(b) <u>Social value and social enterprise³ operation:</u></p> <ul style="list-style-type: none"> ● non-financial aspect of business plan⁴; ● project objectives and general project description; ● how the proposal can benefit the community, and its tangible and intangible social value; ● uniqueness of the proposed use; ● added value and benefits to the society; ● target clients and degree of public access⁵; ● connection with the local community; and ● number of jobs to be created. 	30%	15%

Areas of assessment	Scores	Passing Mark
<p>(c) <u>Financial viability:</u></p> <ul style="list-style-type: none"> ● financial aspect of business plan, demand for services, starting costs, projected income and expenditure statement, assumptions and bases of calculations on the projected income and expenditure, such as sales, cost of sales, staff cost; ● financial sustainability, source and amount of non-government funding etc; and ● the financial support required (if any) from Government for meeting the starting costs and the operating deficits. 	20%	10%
<p>(d) <u>Management capability and other considerations:</u></p> <ul style="list-style-type: none"> ● management capabilities (including institutional set up, adequacy of resources to deliver the project, track record (if any), level of commitment, etc.); ● history of organisation, objectives, core services provided, sources of income; ● support from third-party endorsers⁶, any cross-sector collaboration⁷; ● innovative suggestions (if any)⁸; and ● youth participation⁹ etc. <p>Cooperating organisations will be assessed jointly for this aspect.</p>	20%	10%
Total	100%	50%

Notes:

1. Applicants are required to utilise the existing buildings to accommodate most of the proposed new uses for their social enterprise operation. If necessary, construction of new structure(s) / building(s) may be considered for accommodating supporting facilities. In so doing, the conservation principle of minimum intervention should be observed and the scale of new structure(s) / building(s) should be commensurate with the existing historic buildings.
2. The scale of project should be pitched at an appropriate level. If financial support from the Government is required in meeting the capital costs, the proposed cost estimation should be realistic and well-justified to be cost effective and good value for money.
3. There is no universal definition on social enterprise. In general, social enterprise is a business to achieve specific social objectives such as providing services or products needed by the community, creating employment and training opportunities for the socially disadvantaged and protecting the environment, etc. It should be able to make profits and operate on a self-financing basis. However, the pursuit of maximum profit should not be the primary objective of the organisation. Rather, the achievement of social objectives and bringing social benefits to our community are the main focus. Moreover, the profits cannot be distributed, but should be principally reinvested in the social enterprise business or in the community for the social objectives pursued by the social enterprise.
4. To provide more flexibility to social enterprises, we will allow sub-licensing, hire of services, outsourcing, etc. to a reasonable extent. Prior agreement should be obtained from the Government on sub-licensing, hire of services and outsourcing arrangements with related parties / organisations. A common sense approach and a proportionality test will be adopted in assessing the applications and on the merit of each case. The following will be taken into account:
 - Percentage of gross floor area / site area (the larger the percentage, the less desirable);
 - Duration involved (the longer the duration, the less desirable); and
 - Importance of such component in the overall proposal (must be of secondary importance).

However, an applicant will not be allowed to sub-license any part of the site merely to earn income to make ends meet.

5. Historic buildings are valuable and unique assets of our community. Applicants should allow the public to appreciate the whole or part of the historic buildings without disturbance to the social enterprise operation. According to the experience of the Revitalisation Scheme projects, applicants would designate part of the historic buildings as museum / exhibition area or make use of the reception and / or corridors as display area to reflect the historical significance of the buildings. Applicants should allow free public access to various parts of the sites as appropriate. The proposal should include a minimum number of guided tours per day during weekdays and during weekends / public holidays. Proposed route for guided tours should be illustrated in the application form. Likewise, the proposal should include a minimum number of open days to be organised per year.
6. If, in the course of application, applicants wish to seek support from third-party endorsers, they are free to do so but they should preferably provide documentary evidence to substantiate such support.
7. Cross-sector collaboration refers to collaboration among the cultural, professional and business sectors in implementing the proposal.
8. Applicants are encouraged to make innovative suggestions (e.g. use of modern technology to display the historical value and significance, use of innovative technology (material and method) for construction and conservation for the revitalisation, etc.).
9. Applicants are encouraged to engage young people in the projects.

IV. Scope of Funding and Other Support

4.1 Funding Support to SPCs

4.1.1 The Government will provide SPCs with the following funding support:

- (a) Capital funding, where necessary, to cover the costs, in part or in full, for major renovation to the historic buildings in accordance with their proposals. Such funding will include:
- (i) the cost of preliminary consultancy services carried out after selection, such as:
 - detailed architectural, structural, heritage conservation, geotechnical, building services, town planning, environmental, lighting, landscape design, etc. based on the selected proposal, and tender documentation;
 - carrying out minor investigation and site survey, etc. to obtain information for preparing the detailed design;
 - submission of HIA report (including preparation of photographic survey and cartographic survey) to AMO;
 - submission of specified plans to the Buildings Department and the Fire Services Department etc.;
 - quantity surveying services, including tender documentation; and
 - submission to the Town Planning Board, if required.
 - (ii) the cost of major renovation and the fitting out works that are required to adapt the site to the proposed use and to comply with the statutory requirements while preserving the heritage value;
 - (iii) the cost of consultancy for the tendering exercise for the main contractor and tender assessment, preparation of contract documents, contract administration, management of resident site staff and supervision of the major renovation works; quantity surveying services for valuations, cost control and account preparation;

- (iv) remuneration of resident site staff; and
- (v) furniture and equipment for the operation of the social enterprise (Note: Funding for furniture and equipment will not cover soft furnishing items and other consumables, e.g. bed sheets for hostels, etc.).

The selected applicant / SPC's project management personnel will not be funded by the Government. The level of funding will be considered on a case-by-case basis depending on the size and proposed use of the historic building.

(b) Nominal rental for the historic buildings

- (i) The historic buildings concerned will be directly let to the SPCs at nominal rental;
- (ii) The Government (as the landlord) will enter into legally binding Tenancy Agreements with the SPCs (as the tenants); and
- (iii) While the SPCs can charge fees for the use of part of the historic buildings on a short-term basis, e.g. to an arts group for organising an exhibition, to a performance company for staging a performance or to an educational group for organising a course, etc., no subletting or underletting of the historic buildings, in part or in whole, will be allowed.

(c) One-off grant to meet the starting costs and operating deficits (if any) of a social enterprise for a maximum of the first two years of operation

- (i) The funding ceiling of the grant is HK\$ 6 million per project;
- (ii) The SPC of a project may apply to the Government for a grant to meet, in part or in full, the starting costs and / or deficits in the first two years of operation. In doing so, the SPC should demonstrate that the social enterprise proposal is projected to become self-sustainable after the first two years of operation and provide detailed justifications, including the annual projection for the initial three years of operation of the social enterprise;

- (iii) The Advisory Committee will examine whether the amount of grant applied for is acceptable. If the Advisory Committee considers the amount not justified, it will recommend an appropriate level of grant; and
- (iv) The grant for starting costs will be based on items and costs approved by the Government. The amount of grant for meeting operating deficits for each year will be limited to the amount approved by the Government for the year, or the operating deficit (excluding non-cash expenditure items such as depreciation) as reflected in the audited financial statements, whichever is the lesser. The starting costs may include those costs incurred by the SPCs so as to comply with the Government's requirements (e.g. document the entire conservation process by means of written record, photographic and video recording) during the pre-operating period.

- 4.1.2 The selected applicants / SPCs should not commit any expenditure (unless such expenditure is to be met by the applicants themselves) under the Revitalisation Scheme until the funding approvals have been obtained from LegCo and / or FSTB as well as written approval has been obtained from the Government.
- 4.1.3 Any surplus of grants for the renovation costs, the starting costs and the operating deficits should be returned to the Government together with interest earned, if any, once identified or upon demand in writing by the Government, whichever is the earlier.
- 4.1.4 Normally the SPC should not rely primarily or heavily on donations and other forms of subsidy as the business should in principle be viable and sustainable on its own. However, under special circumstances, e.g. during extremely difficult period, donations can be regarded as a fallback source of income. Again a common sense approach and a proportionality test would be adopted.
- 4.1.5 The SPC should be self-financing and should not rely on Government subvention as its major source of income. Perpetual subvention is also against the spirit of social enterprise.

4.2 Other Support to Selected Applicants / SPCs

Selected applicants / SPCs may encounter difficulties in the process of project implementation. The Revitalisation Scheme Secretariat will assist the selected applicants / SPCs and, where necessary, refer their enquiries in specific areas (e.g. planning, compliance with the Buildings Ordinance (Cap. 123), etc.) to the appropriate departments. However, the responsibility to make statutory (or licensing if any) submissions still rests with the selected applicants / SPCs. The selected applicants / SPCs will assume the role of works agent and ultimately be responsible for the timely delivery of the works from inception to completion of construction within budget and the operation of the social enterprise.

V. Administrative and Financial Arrangements

5.1 Contractual Requirements

- 5.1.1 All SPCs will be required to sign Tenancy Agreements with the Government and comply with all the terms and conditions laid down in the Tenancy Agreements, this Guide and all instructions and correspondence issued by the Advisory Committee or the Government from time to time in respect of the social enterprise project, the historic buildings, or any other matter related thereto.
- 5.1.2 The duration of a Tenancy Agreement is normally three years which will be renewable for another three years subject to satisfactory operation and provisions of the written Tenancy Agreement. Longer tenancies can be granted with justifications. The Government will review the performance of the relevant SPC and other factors prevailing at the time to decide whether the Agreement will be renewed. The Government reserves the right not to renew the Agreement upon its expiry.
- 5.1.3 Any modification, amendment or addition to the social enterprise project, including the change of project period, project scope, mode of operation, or major budget components, requires the prior written approval of the Government.
- 5.1.4 Any demolition, addition, installation, alteration, repair or any other works to the historic buildings requires the prior written approval of the Government and must, in particular, comply with the statutory requirements for obtaining prior approval and consent from the Building Authority before carrying out any works.

5.2 Payment Arrangements

- 5.2.1 Funding, where necessary, to cover the costs in part or in full for the major renovation to the historic buildings in accordance with the proposals of SPCs (please refer to paragraph 4.1.1 (a) above)

The payment will be made on a reimbursement basis and the claims should be supported by original invoices or bills and receipts certified by

the SPCs and their consultants where necessary and made to the Revitalisation Scheme Secretariat for reimbursement. After checking the completeness and correctness of the supporting documents, the Revitalisation Scheme Secretariat will make payment to the SPCs.

5.2.2 One-off grant to meet the starting costs and operating deficits (if any) of the social enterprise for a maximum of the first two years of operation (please refer to paragraph 4.1.1(c) above)

- (a) For the grant to help the SPCs meet the starting costs, payment will be made on a reimbursement basis and the claims should be supported by original invoices or bills and receipts certified by the SPCs.
- (b) For the grant to help the SPCs meet the operating deficits arising in the initial two years of operation, payment will be made upon verification of the submitted audited financial statements of the project for the first and second year of operation after excluding non-cash expenditure items such as depreciation (please refer to paragraph 4.1.1(c)(iv) above).

5.3 Books of Accounts and Records

The SPCs should maintain separate proper books of accounts and records for the project. The books of accounts and records of the project will need to be kept for inspection by the Revitalisation Scheme Secretariat and the Director of Audit, and may only be destroyed seven years after the end of the financial year in which the entry occurred.

5.4 Project Bank Account and Interest

5.4.1 The SPC should keep a separate interest-bearing Hong Kong Dollar account with a bank licensed in Hong Kong solely and exclusively for processing all receipts and payments of the project. Payments from that account should be made by the authorised representative(s) of the SPC. The SPC will be required to provide documentary proof of such authorisation.

- 5.4.2 All interest income generated from the project bank account set out in paragraph 5.4.1 above should be ploughed back into the project. Under no circumstances should the interest earned be applied for other uses outside the project, and no negative interest should be charged to the project.

5.5 Title to Fixed Assets

- 5.5.1 A fixed assets register should be maintained to account for all fixed assets with individual cost of HK\$1,000 or above. A separate list should be kept for fixed assets purchased using Government funding.
- 5.5.2 The SPCs will hold the title to furniture / equipment / items procured for the operation of the social enterprise using their own funds. However, if they have applied for grant from the Government to purchase any equipment / fixed asset for the social enterprise and have succeeded in their application, prior written approval from the Government is required for the transfer, sale or disposal of the equipment / fixed asset. Sales or other proceeds, if any, should be reinvested into the social enterprise project. The SPCs should conduct physical spot check on both the Government-funded and self-funded fixed assets at least once a year and submit the relevant records to the Government for random checks as and when required.

5.6 Project Income and Residual Funds

- 5.6.1 All income generated from the project should be accounted for and ploughed back to support the continuation of the project. Unless prior Government consent in writing is obtained, the SPC should not make any donations and sponsorship to other parties by utilising the project funds.
- 5.6.2 Any surplus arising from the project's operation should be re-invested back into the project.
- 5.6.3 The Government and the Advisory Committee accept no liabilities for deficits arising from the project.

- 5.6.4 If for any reason the project ceases operation while the Tenancy Agreement is still in force, the Government reserves the right and priority to claim any sales proceeds generated from the sale of its assets acquired for the purpose of the project to the full amount of funding paid by the Government.
- 5.6.5 If for any reasons the project is suspended by the SPC during the course of renovation or at any stages before termination of tenancy, the Government reserves the right to require the SPC to reinstate the historic building or any part thereof to its original state.
- 5.6.6 Upon dissolution of the SPC (the tenant under the tenancy), any surplus funding and assets of the tenant should be dealt with in accordance with the relevant clause(s) in the Tenancy Agreement.

5.7 Use of Information and Data

- 5.7.1 The Government has the right to make use of / disclose information in regard to the application (as well as related information) as necessary for the purposes of assessing proposal, conducting research, sharing with other parties concerned, etc.
- 5.7.2 The selected applicants / SPCs are reminded to ensure that they have the ownership of the intellectual property rights relating to their respective projects, and that the intellectual property rights shall at any time be granted to the Government.

5.8 Procurement and Staff Employment

- 5.8.1 The SPCs should exercise utmost prudence and care in procuring equipment, goods or services in relation to their projects. They should ensure that all purchases of equipment, goods or services of any value in relation to the project are made on an open and competitive basis and only from those suppliers who are not their related parties / organisations, unless the Government has otherwise approved in writing, in order to ensure openness, fairness and value for money. The SPCs should adhere to the following procedures unless prior agreement has been obtained from the Government:

- (a) for every purchase with a value not exceeding HK\$50,000, quotations from at least two suppliers should be obtained;
- (b) for every purchase with a value over HK\$50,000 but not exceeding HK\$1.4 million, written quotations from at least five suppliers should be obtained;
- (c) for every purchase with a value over HK\$1.4 million or more, open tendering should be used; and
- (d) the SPCs should select the supplier that has submitted the lowest conforming offer, i.e. with the lowest price offer for procurement, or the conforming offer with the highest overall score (if a marking scheme is used). If the lowest conforming offer is not selected, full justifications must be given and properly recorded for subsequent auditing purpose.

5.8.2 All quotations and tendering documents in relation to the renovation costs, if the SPCs have applied for the capital grant from the Government and have succeeded in their application, should be kept for inspection by the Revitalisation Scheme Secretariat and the Director of Audit for at least seven years after completion of all renovation works contracts and finalisation of the project account.

5.8.3 Prior written approval from the Government is required for procurement of goods and / or services from related parties. Services provided by related parties / organisations of the SPC which are not charged on an actual reimbursement basis should be set out in a service agreement to be submitted to the Government for prior consent before service commencement.

5.8.4 For staff to be employed for the project, the principles of openness, fairness and competitiveness should be strictly observed during the recruitment process. The level of pay should be on par with the general market level. The employment terms should comply with the Employment Ordinance (Cap. 57) and any other relevant ordinances. The prevailing statutory minimum wage under the Minimum Wage Ordinance (Cap. 608) must be observed.

- 5.8.5 Including but not limited to procurement and recruitment, the SPCs should prevent any situation of conflict of interest from arising.
- 5.8.6 If considered necessary by the Revitalisation Scheme Secretariat, the Independent Commission Against Corruption (“ICAC”) may be requested to examine the management and control procedures of the SPCs’ social enterprise projects with a view to providing corruption prevention advice to ensure the proper use of funds and resources. In such case, the SPCs should render necessary assistance to ICAC. A code of conduct should also be drawn up by the SPCs.
- 5.8.7 It is the responsibility of the SPCs to ensure that their management and staff comply with the requirements of the Prevention of Bribery Ordinance (Cap. 201).
- 5.8.8 It is expressly stated that paragraphs 5.8.1 to 5.8.7 are not applicable to the engagement of consultants and contractors, which is separately outlined in Section VI, paragraph 6.1.
- 5.8.9 Concerning utilising the project funds, the selected applicants / SPCs are also required to comply with the latest version of “Best Practice Checklists - Strengthening Integrity and Accountability - Government Funding Schemes Grantee’s Guidebook” of Corruption Prevention Department of ICAC.

5.9 Insurance

The SPCs should procure appropriate insurance policies and indemnify the Government against any claim that may arise during surveys, investigations, renovation works and the social enterprise operation throughout the tenancy period in accordance with the terms of the Tenancy Agreements.

5.10 Financial Guarantees, Undertakings and Indemnities

- 5.10.1 The Government may require, inter alia, undertakings from the selected applicant and / or other interested parties (including without limitation where the selected applicant is a joint venture company, the shareholders, its respective holding companies, and its guarantors as described below).

The Government expects such undertakings to take the form of non-assignable guarantees, undertakings and indemnities to be given directly to Government, on a joint and several basis. Such guarantees, undertakings and indemnities may include, inter alia –

- (a) guarantee / undertaking whereby the selected applicant and / or other interested parties and / or financial institutions guarantee / undertake that the site will be furnished, operated, managed, maintained throughout the tenancy period in accordance with the Tenancy Agreement; and
- (b) an indemnity from the selected applicant and / or other interested parties and / or financial institutions to indemnify the Government against any costs, expenses, damages and liabilities incurred by the Government arising out of or in connection with (i) any re-issue of invitation for proposals, re-tender, assignment or transfer of the Project to any third party upon revocation or termination of the Tenancy Agreement due to the default of the selected applicant and / or its guarantor and (ii) the performance or breach of the Tenancy Agreement.

5.10.2 Applicants are required to provide details of such guarantees, undertakings and indemnities in their consolidated project proposals if selected. Any guarantees, undertakings and indemnities offered in the consolidated project proposals must be maintained in force until the selected applicants have duly performed all their obligations under the Tenancy Agreements. The Government reserves the right to decide whether the guarantor (which has to be financially capable) is acceptable and to disqualify any applications concerned which fail to meet the Government's requirements.

VI. Monitoring Mechanism

6.1 Renovation of Historic Buildings

6.1.1 On engagement of consultants and contractors to undertake works to renovate historic buildings, the SPCs should:

- (a) appoint a lead consultant (with its associated sub-consultants) from Band 1 or Band 2 architectural category on the List of Consultants of the Architectural and Associated Consultants Selection Board (“**AACSB**”) (<https://www.archsd.gov.hk/en/consultants-contractors/consultants/list-of-consultants-of-aacsb/who-have-been-included.html>) or Band 3 architectural consultant on the list of the Hong Kong Institute of Architects or the Association of Architectural Practices (<https://www.archsd.gov.hk/en/consultants-contractors/consultants/list-of-band-3-architectural-consultants.html>) to carry out the consultancy services of the renovation works. The lead consultant should engage its associated sub-consultants in Structural Engineering, Building Services, Landscape Architectural and / or Building Surveying categories from List of Consultants of the AACSB and / or Geotechnical and slope category from the List of Consultants of Engineering and Associated Consultants Selection Board and / or other competent specialist sub-consultants. If the lead consultant to be appointed has no relevant experience on heritage renovation projects, they should team up with a consultant with such experience to carry out the works. If the lead consultant to be appointed has in-house architectural conservationist team which works independently from the design team, they may not be required to appoint a separate consultant with heritage renovation project experience, subject to the agreement of AMO.
- (b) appoint a Quantity Surveying consultant from Band 1 or Band 2 category on the List of Consultants of the AACSB to carry out the quantity surveying services of the renovation works;
- (c) engage a building contractor, for the renovation works, who is included in the Development Bureau’s “List of Approved

Contractors for Public Works – Buildings category” of appropriate group according to the estimated value of the works contract (https://www.devb.gov.hk/en/construction_sector_matters/contractors/index.html) and a Registered General Building Contractor of Buildings Department (https://www.bd.gov.hk/en/resources/online-tools/registers-search/registrationsearch.html?name=&txt_reg_no=&txt_reg_type=GBC). If the contractor to be appointed for the renovation works is not itself an approved specialist contractor included in the “List of Approved Suppliers of Materials and Specialist Contractors for Public Works – Repair and Restoration of Historic Buildings category” (“**RRHB specialist contractor**”), the appointed contractor must engage a RRHB specialist contractor from the Approved List as its specialist sub-contractor for carrying out repair and restoration works of “Architectural Features to be Preserved” of the historic buildings; and

- (d) engage all other specialist sub-contractors for the renovation works from the relevant categories / groups in the Development Bureau’s “List of Approved Suppliers of Materials and Specialist Contractors for Public Works” (https://www.devb.gov.hk/en/construction_sector_matters/contractors/supplier/index.html).

6.1.2 Upon the issuance of AIP by the Government, the selected applicants / SPCs are required to submit master programmes for delivery of the renovation works as well as the whole revitalisation projects with all milestone dates identified to the Revitalisation Scheme Secretariat for reference, and thereafter monthly progress reports of the restoration works to the Revitalisation Scheme Secretariat for monitoring. The Revitalisation Scheme Secretariat may appoint other Government departments or organisations to assist them in carrying out the monitoring works. The selected applicants / SPCs should supply whatever information as deemed necessary by the relevant Government departments or organisations and allow them to carry out site inspection works as necessary to facilitate the effective discharge of their duties. In carrying out their monitoring works, the relevant Government departments or organisations may need to enter into direct dialogue with the selected applicants / SPCs.

- 6.1.3 Apart from paragraphs 6.1.1 and 6.1.2 above, the selected applicants / SPCs should follow other guidelines and procedures as advised by the Government from time to time.

6.2 Upkeep of Historic Buildings

- 6.2.1 The selected applicants / SPCs are required to permit the Government and all persons authorised by the Government at all times to enter the historic buildings and slopes within or adjoining the sites to view their state and condition, conduct inspection and surveillance, install monitoring check points, gain access for maintenance and erect working platforms and scaffolding when necessary thereat, etc.
- 6.2.2 The Government shall be responsible for repair and maintenance of the structure of the historic buildings as well as undisturbed features registered under Slope Maintenance Responsibility Information System within the project sites. Other than these, the selected applicants / SPCs should be responsible at their own cost for the repair and maintenance of all buildings and areas within the sites, including vegetation, trees, furniture, fixtures, finishes, machinery, water pipes, drainage, building services systems, external areas, landscape and associated equipment, etc.
- 6.2.3 The selected applicants / SPCs are required to follow the approved HIA report and the associated documents in managing and operating the sites. Any proposed changes from the approved proposals in future are required to further submit to AMO for approval.

6.3 Regular Progress Reports and Final Evaluation Report

- 6.3.1 The SPCs will be required to submit the following reports (under a standard form to be provided) on the project during the tenancy period on a regular basis:
- (a) annual reports (including annual audited financial statements) – to be submitted within four months following the end of the accounting year; and

- (b) final evaluation report (including the final audited financial statements) – to be submitted within six months following the termination of the social enterprise project or the Tenancy Agreement, whichever is the earlier.
- 6.3.2 For the annual reports and the final evaluation report, they should contain audited financial statements. Failure to submit a report or submission of reports containing insufficient, incomplete or false information may result in termination of the Tenancy Agreement.
- 6.3.3 Guided tours should be arranged for the public. To facilitate the public in registering for the guided tours, NPOs should make available a bilingual (English / Chinese) website, before the business commences, for such purpose.
- 6.3.4 Figures on visitors and guided tours should be provided to the Government on a monthly basis. Visitor satisfaction surveys should be conducted by SPCs and reports thereon submitted to the Government on a half-yearly basis. The submission should include the number of visitors, satisfaction indicators and a review identifying areas for improvement in facilitating public enjoyment and appreciation of the historic buildings.

6.4 Audited Financial Statements

- 6.4.1 The SPCs are required to submit annual audited financial statements. The funding from the Government should be separately shown in the audited financial statements. The audited financial statements must contain the Auditors' Report (including an assurance that the funding was spent in accordance with the conditions of grant), Statement of Financial Position, Statement of Income and Expenditure and Other Comprehensive Income, Statement of Changes in Reserve, Statement of Cash Flows and Notes to Financial Statements, including a summary of significant accounting policies. The financial statements shall be audited and certified by a certified public accountant or a corporate practice within the meaning of the Professional Accountants Ordinance (Cap. 50), to give a true and fair view of the financial position of the Project as at the end date of the Accounting Year being reported, and of

its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

6.4.2 Audited financial statements should be submitted within four months following the end of the accounting year, and the final audited financial statements should be submitted within six months following the completion / termination of the social enterprise project.

6.4.3 The SPCs should engage their own auditors. The auditors' remuneration may be claimed on a reimbursement basis from the Revitalisation Scheme as part of the grant to meet the operating deficits of the social enterprise project for the first two years of operation (see paragraph 4.1.1(c) above).

6.5 Visits and Progress Review Meetings

Members of the Advisory Committee, staff of the Revitalisation Scheme Secretariat or Government officials or organisations authorised by the Government (including prospective tenants of the historic buildings) may conduct visits to the historic buildings or join their related activities. Progress review meetings will be organised to examine the progress of project implementation, documents kept on the historic buildings and the level of achievement of the projects. The selected applicants / SPCs will be required to assist in arranging such visits and meetings.

6.6 Commencement of Social Enterprise Operation

6.6.1 Selected applicants / SPCs should monitor and strive to complete the renovation works on time and within budget as stated in the approved funding paper (see paragraph 2.6.3(b) above). The social enterprises should commence active operation / service within three months after completion of the renovation of historic buildings, unless otherwise approved by the Government.

6.6.2 In any event that the social enterprise, without any reasonable justification(s), fails to commence active operation / service within the above said period, the Government shall reserve the right to refuse, suspend or withdraw the grant of funds to the SPC, or to reduce the amount of funds as the Government considers appropriate. In such circumstance, no compensation will be payable to the selected applicant / SPC.

6.7 Tenancy Agreement

6.7.1 The Government will enter into Tenancy Agreements with the SPCs.

6.7.2 The Tenancy Agreement comprises General Conditions, Special Conditions and Technical Schedule tailored to the social enterprise operation in accordance with the finalised proposal endorsed by the Government.

6.7.3 To enable the Government to review and assess the social enterprise operation of the SPC regularly, the SPC should submit to the Government at his own cost and expense a three-year business plan, a three-year financial plan and a building management plan for the agreement of the Government at least six (6) months before the commencement of operation of the social enterprise. Moreover, the SPC should update and submit the business plan, the financial plan and the building management plan to the Government within four months following the end of the accounting year.

6.7.4 In the event that the social enterprise is not operated to the satisfaction of the Government in accordance with the finalised proposal endorsed by the Government, the Government will request the relevant SPC to rectify the situation. In the event that the SPC fails to accede to the Government's request within a specified period, the Government will decide whether to terminate the Tenancy Agreement and retake possession of the site. In any circumstance, no compensation will be payable to the selected applicant / SPC.

6.8 National Security Law

- 6.8.1 The Government reserves the right to disqualify an application on the grounds that the applicant has engaged in acts or activities that are likely to cause or constitute the occurrence of offences endangering national security or otherwise the disqualification 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.
- 6.8.2 The operation of the project shall comply with the Hong Kong National Security Law and relevant provisions in the Tenancy Agreement.

6.9 Premature Termination of Project

Prior written approval from the Government is required for premature termination of the project for any reason before the expiry of the tenancy period. Any record of pre-mature termination will be taken into account in assessing future applications from the applicant organisations and their key management personnel.

VII. Notes on Personal Data

7.1 Purposes of Collection

The personal data provided as part of the application will be used by the Government to process the application and other relevant arrangements. The provision of personal data by means of this application is voluntary.

7.2 Classes of Transferees

The personal data provided by means of application to the Government may be disclosed to other Government bureaux, departments or authorised organisations for the purposes mentioned above.

7.3 Access to Personal Data

Applicants have a right of access and correction with respect to personal data as provided for in Sections 18 and 22 and Principle 6 of Schedule 1 of the Personal Data (Privacy) Ordinance (Cap. 486). Their right of access includes the right to obtain a copy of the personal data provided in their applications. Applicants are also entitled to make request for correction of the personal data as appropriate.

7.4 Enquiries

Enquiries concerning the personal data collected by means of application to the Revitalisation Scheme, including the making of access and corrections, should be addressed to the Revitalisation Scheme Secretariat in paragraph 2.9.1 above.