Innovation and Technology Fund

Enterprise Support Scheme

Notes for Auditors of Recipient Organisations

Pursuant to the fund agreement made between the HKSAR Government and the Recipient Organisations ("ROs"), and the Enterprise Support Scheme (ESS) - Funding and Administrative Guidelines for Successful Applicants ("ESS Guide") in respect of each Enterprise Support Scheme ("ESS") project funded by the Innovation and Technology Fund, ROs are required to submit interim and final "audited accounts"[1] of each funded ESS project to the Commissioner for Innovation and Technology (CIT) according to a stipulated timeframe. The requirement to submit "audited accounts" is to assure the Government that:

(a) the project funds were fully and properly applied to the project for which they were paid, and received and expended in accordance with the approved project budget; and

(b) the RO complied with the funding terms and conditions in the administration, management and usage of the ESS project.

These notes aim to provide guidance for Auditors of ROs in conducting reasonable assurance engagements and in preparing auditors' reports for each ESS project.

2. In conducting a reasonable assurance engagement, the Auditors should perform such procedures[2] as they consider necessary in the circumstances and obtain all the information and explanations which they consider necessary in order to provide them with sufficient evidence to give their conclusion as to whether the RO has complied with, in all material respects, the requirements set

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[1] The interim and final "audited accounts" comprise income and expenditure statement, balance sheet, notes to the accounts and the auditors' report and mean interim and final accounts of the project which have been reported on by Auditors under a reasonable assurance engagement conducted in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" issued by the Hong Kong Institute of Certified Public Accountants.

[2] The Auditors' procedures would normally include:

a. performing tests of transactions and of the existence, ownership and valuation of assets and liabilities;
b. obtaining an understanding of the accounting system and control in order to assess its adequacy as a basis for the preparation of the interim/final accounts of the ESS project and to establish whether a proper and separate set of project books and have been kept and maintained by the RO;
c. assessing significant estimates and judgments made by the RO in the preparation of the interim/final accounts of the ESS project, and whether the accounting policies have followed the requirements of ESS, consistently applied and adequately disclosed; and
d. evaluating the overall adequacy of the presentation of information in the interim/final accounts.

by the CIT (including the requirements to keep proper books and records, to comply with the procurement procedures, and to prepare interim/final audited accounts of the ESS project), and all the terms and conditions of ESS funding, as specified in the following documents:

(a) The fund agreement made between the HKSAR Government and the RO in respect of the project and the appendices thereto (which includes the project proposal);

(b) ESS Guide referred to in the fund agreement[3]; and

(c) all applicable instructions and correspondences issued by the CIT to the RO in respect of the project.

3. The Auditors should comply with the Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" issued and updated from time to time by the Hong Kong Institute of Certified Public Accountants[4]. The following information is required in an auditors' report prepared by the Auditors to be submitted to the CIT -

(a) the Auditors should state whether, in their conclusion, the RO has complied with, in all material respects, the requirements set by the CIT (including the requirements to keep proper books and records, to comply with the procurement procedures, and to prepare interim/final audited accounts of the ESS project), and all the terms and conditions of ESS funding, as specified in documents mentioned in paragraph 2 above;

(b) if the Auditors are of the opinion that there exists any material non-compliance as identified in paragraph 3(a) above, they should make full disclosure and quantify the effects of such non-compliance in the auditors' report; and

(c) if the Auditors are of the opinion that a proper and separate set of books and records have not been kept by the RO for the ESS project, or the procurement procedures for Equipment, goods and services for the purposes of the ESS project set by the CIT have not been followed, or the relevant project accounts have not been properly prepared, or if the Auditors fail to obtain all the information and explanations which are necessary for the purpose of their reasonable assurance engagements, they should

3 In case there are written agreements to the otherwise, such agreements shall prevail to the extent where the context so permits.

4 The Hong Kong Institute of Certified Public Accountants would expect its members to apply those relevant and applicable Standards set out in Hong Kong Standards on Auditing when performing "Reasonable Assurance Engagements".

make appropriate qualifications in the auditors' report.

4. The Auditors should plan and conduct the reasonable assurance engagement to satisfy paragraphs 2 and 3 above. In case of any ambiguity regarding the terms and conditions contained in the fund agreement, ESS Guide, and rules and regulations governing ESS projects, Auditors should seek clarification from the ESS Secretariat as appropriate. Any unreasonable reservation or denial of conclusion, for example, comments about ambiguity of ESS guidelines or requirements, expressed by Auditors in the auditors' report, will be returned to ROs for rectification before re-submission.

5. The Auditors may come across during the course of their reasonable assurance engagements weaknesses/breakdown in internal control which are considered material. They should bring to the RO's attention the details of such weaknesses/breakdown and provide the RO with their recommendations for improvement by setting them out in a letter to the RO. A copy of such letter should be sent to the ESS Secretariat for reference and action as appropriate.

6. Auditors are expected to follow the specimen auditors' report as attached at the Annex.

ESS Secretariat
August 2026

<u>Annex</u>

SPECIMEN AUDITORS' REPORT ON THE INTERIM/FINAL* ACCOUNTS UNDER THE ENTERPRISE SUPPORT SCHEME - UNQUALIFIED CONCLUSION

ABC PROJECT (PROJECT REFERENCE NO.: XXXXX)
FOR THE PERIOD FROM DD/MM/YYYY (i.e. project commencement date) TO DD/MM/YYYY (i.e. report end date / project completion date / project termination date)

AUDITORS' REPORT TO THE DIRECTORS OF XYZ LIMITED

Pursuant to the fund agreement made between the HKSAR Government and XYZ Limited, and the Enterprise Support Scheme (ESS) - Funding and Administrative Guidelines for Successful Applicants ("ESS Guide") in respect of the Enterprise Support Scheme ("ESS") project funded by the Innovation and Technology Fund, we have performed a reasonable assurance engagement to report on whether XYZ Limited has complied with, in all material respects, the requirements set by the Commissioner for Innovation and Technology ("CIT") (including the requirements to keep proper books and records, to comply with the procurement procedures, and to prepare proper interim/final* accounts of ABC Project (the "Project") for the period from DD/MM/YYYY to DD/MM/YYYY on pages .... to .... (the "Project Accounts")), and all the terms and conditions of ESS funding, as specified in the following documents:

(a) the fund agreement made between the HKSAR Government and XYZ Limited in respect of the Project and the appendices thereto (which includes the Project proposal);

(b) the ESS Guide referred to in the fund agreement[5]; and

(c) all applicable instructions and correspondences issued by the CIT to XYZ Limited in respect of the Project.

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5 In case there are written agreements to the otherwise, such agreements shall prevail to the extent where the context so permits.

* Delete as appropriate

Respective responsibilities of XYZ Limited and auditors

The CIT requires XYZ Limited to comply with the requirements set by him/her (including the requirements to keep proper books and records, to comply with the procurement procedures, and to prepare proper Project Accounts), and all the terms and conditions of ESS funding, as specified in the documents mentioned in the above paragraph.

It is our responsibility to form an independent conclusion, based on our reasonable assurance engagement, and to report our conclusion to you.

Quality Control and Independence

Our firm applies Hong Kong Standard on Quality Management 1, which requires our firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Basis of conclusion

We conducted our reasonable assurance engagement in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" issued by the HKICPA and the latest Notes for Auditors of Recipient Organisations issued in August 2026 by the ESS Secretariat.

Our reasonable assurance engagement includes examination, on a test basis, of evidence relevant to XYZ Limited's compliance with the requirements set by the CIT (including the requirements to keep proper books and records, to comply with the procurement procedures, and to prepare proper Project Accounts), and all the terms and conditions of ESS funding, as specified in the documents mentioned in the above first paragraph. It also includes an assessment of the significant estimates and judgements made by XYZ Limited in the preparation of the Project Accounts, and of whether the accounting policies have followed the requirements of ESS, consistently applied and adequately disclosed.

We planned and performed our reasonable assurance engagement so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give our conclusion as to whether XYZ Limited has complied with, in all material respects, the requirements set by the CIT (including the requirements to keep proper books and records, to comply with the procurement procedures, and to prepare proper Project Accounts), and all the terms and conditions of ESS funding, as specified in the documents mentioned in the above first paragraph. In forming our conclusion, we also evaluated the overall adequacy of the presentation of information in the Project Accounts. We believe that our reasonable assurance engagement provides a reasonable basis for our conclusion.

Conclusion

Based on the foregoing, in our opinion, XYZ Limited has complied with, in all material respects, the requirements set by the CIT (including the requirements to keep proper books and records, to comply with the procurement procedures, and to prepare proper Project Accounts), and all the terms and conditions of ESS funding, as specified in the documents mentioned in the above first paragraph.

Use of this report

This report is intended for filing by XYZ Limited with the HKSAR Government, and is not intended to be, and should not be, used by anyone except the above two parties for any other purposes.

[Signature][6]
ABC & Co.
Certified Public Accountants (Practising)

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[6] Refer to the Companies Ordinance (Cap. 622) Section 409 for the authorised signature requirement.

[Name of Practitioner]
Practising Certificate Number: P0XXXX

Hong Kong
Date: DD/MM/YYYY

ESS Project Accounts Specimen

XYZ Limited

ABC PROJECT (PROJECT REFERENCE NO.: XXXXX)

(A) Income and Expenditure Statement

For the period from DD/MM/YYYY (i.e. project commencement date) to DD/MM/YYYY (i.e. report end date / project completion date / project termination date)

	Notes	HK$
Income		
Government contribution – ESS		
Government contribution – Engagement of Research Talent (RTH-ITF)[7]		
Company contribution – ESS		
Bank interest income		
Other income[8]		
Total Income		
Expenditure		
Manpower *(note: the post name should align with the approved proposal)*		
Post name 1		
Post name 2		
Post name 3…		
Manpower for RTH-ITF[7]		
Equipment *(note: the item name should align with the approved proposal)*		
Equipment item name 1		
Equipment item name 2		
Equipment item name 3…		
Other direct costs *(note: the item name should align with the approved proposal)*		
Audit fee		
Item name 1		
Item name 2		
Item name 3…		
Total Expenditure		
Surplus / (Deficit) for the Period		

[7] Only applicable to research talents who have been deployed to this ESS project under the Research Talent Hub for ITF-funded R&D Projects (“RTH-ITF”). Please refer to the latest RTH-ITF Application Guide for details (https://www.itf.gov.hk/filemanager/en/content_90/RTH-ITF_Guide_en_Jul_2026.pdf).

[8] For instance, sundry income, exchange gain, etc.

(B) Balance Sheet

as at DD/MM/YYYY (i.e. report end date / project completion date / project termination date)

	Notes	HK$
<u>Current Assets</u>		
Accounts receivable - Amount due from the Government – ESS		
Accounts receivable - Amount due from the Government – RTH-ITF[7]		
Accounts receivable - Amount due from the Company[9]		
Cash and bank balance		
<u>Current Liabilities</u>		
<u>Accruals & payables</u>		
Audit fee		
Post name 1…		
Equipment item name 1…		
Item name 1…		
<u>Payment in advance by the Company</u>		
<u>Net Assets / Liabilities</u>		

Notes are an integral part of, and should be read in conjunction with, these financial statements.

Approved and authorised for issue on behalf of XYZ Limited on DD/MM/YYYY by

[Signature][10]	[Signature][10]
[Name of Director 1]	[Name of Director 2]
Director	Director

[9] For instance, outstanding company contribution, refund receivable, return of disallowed expenses such as exchange difference, bank charge, shipping fee, value-added tax, overhead, etc. Please refer to the non-exhaustive list of disallowed cost items in the ESS Guide.

[10] Refer to the Companies Ordinance (Cap. 622) Section 387 for the authorised signature requirement.

(C) Notes to the Accounts

- General project information

- Basis of preparation

- Significant accounting policies

- Auditors' opinions on other matters specific to certain items in the Income and Expenditure Statement and Balance Sheet[11]

- Approval of financial statements

[11] For instance, to explain any remedial financial actions taken by the Company (such as repayment of disallowed expenses); to indicate Government's approval for changes in cashflow requirements; to confirm compliance with the general principle that no more than 50% of the approved total project costs are incurred outside Hong Kong; and to state whether the budget virement procedure has been properly implemented, where applicable, in accordance with the terms and conditions of the fund agreement and the ESS Guide.