

Cleaner Production Partnership Programme

Guide to Application for Funding Support for Hong Kong-owned Factories

**The Secretariat
Cleaner Production Partnership Programme
Hong Kong Productivity Council**

March 2026

CONTENTS

	<u>Page</u>
Glossary.....	i
1. GENERAL INFORMATION.....	1
1.1 Background.....	1
1.2 Funding Project.....	1
1.3 Who is Eligible to Apply for Funding Support?.....	2
1.4 Implementation by Environmental Technology Service Providers and Other Service Providers	3
2. APPLICATION AND VETTING PROCEDURES.....	5
2.1 Application Procedures.....	5
2.2 Avoiding Conflicts of Interest.....	5
2.3 Assessment and Vetting Procedures.....	6
2.4 Vetting Criteria.....	6
2.5 Project Technology List.....	7
2.6 Notification of Results.....	7
2.7 Avoidance of Duplicated Government Funding.....	8
2.8 Withdrawal and Resubmission of Applications.....	8
3. PROJECT AGREEMENT AND ADMINISTRATION.....	8
3.1 Contractual Requirements.....	8
3.2 Project Commencement, Milestones and Completion.....	9
3.3 Procurement of and Title to Equipment under Projects.....	9
3.4 Reporting Format.....	10
3.5 Auditing Requirement.....	10
3.6 Unallowable Costs.....	11
3.7 Representative of the Successful Applicant.....	11
3.8 Change of Company Status and Project Details.....	11
4. DISBURSEMENT OF FUNDS.....	11
4.1 Conditions for Disbursement of Funds.....	11
4.2 Suspension or Termination of Funding Support.....	12
5. PUBLICITY AND USE OF NEW CLEANER PRODUCTION TECHNOLOGY PROJECT RESULTS.....	13
5.1 Use of New Cleaner Production Technology Project Results.....	13
5.2 Publicity of the Results of New Cleaner Production Technology Projects.....	14
6. PREVENTION OF BRIBERY.....	15
7. ENQUIRIES.....	15

Annexes:

- Annex A – Application for Funding Support to Conduct New Cleaner Production Technology Projects (Form 1)
- Annex B – Sample Service Contract for New Cleaner Production Technology Projects between the Applicant and ET Service Provider or Other Service Provider
- Annex C – List of New Cleaner Production Technology Projects
- Annex D – Notes for Auditors

The forms are available for download from the Website of the Programme at <https://www.cleanerproduction.hk/en/application>

Glossary

Cleaner Production (CP)	Cleaner Production approach is a preventive, integrated strategy that is applied to the entire production cycle to increase productivity by ensuring a more efficient use of raw materials, energy and water, and to promote better environmental performance through reduction at source of waste and emissions.
New Cleaner Production Technology Project (NCPTP)	<p>New Cleaner Production Technology Project demonstrates the practical benefits, actual costs, and potential financial returns of cleaner production technologies by installing equipment and improving production processes in participating factories. The Project supports Hong Kong-owned factories in adopting new cleaner production technologies to upgrade traditional industries and achieve green transformation.</p> <p>The List of New Cleaner Production Technology Projects is available for download on the programme's official website: http://www.cleanerproduction.hk.</p>
Environmental Technology (ET) Service Providers	<p>They are companies registered under the Programme in one or both of the following categories:</p> <p>Category (I): a consultant to provide consulting services for implementation of Projects, or</p> <p>Category (II): a consultancy engineering firm to implement Projects.</p> <p>The full list of ET Service Providers can be obtained from the official website of the Programme at http://www.cleanerproduction.hk.</p>
Independent Audit of the Project	This is an independent audit for the Project. The audit work will be performed by a third-party independent organisation
Chinese Mainland	The People's Republic of China (excluding Hong Kong, Macau and Taiwan).
Project Management Committee	The Project Management Committee (PMC) is set up to oversee the implementation of the Programme and endorse the application of Projects. The PMC is chaired by the Under Secretary for Environment and Ecology of the Government of the Hong Kong Special Administrative Region (HKSAR) and comprises representatives from the four major trade and industry associations, namely, the Chinese General Chamber of Commerce, the Chinese Manufacturers' Association of Hong Kong, the Federation of Hong Kong Industries, and the Hong Kong General Chamber of Commerce, and an academic, as well as representatives from the Environmental Protection Department, the Trade and Industry Department, and the Innovation and Technology Commission. The HKPC provides secretarial support to the PMC.

Three Forms of Processing and Assembly Operations and Compensatory Trade (三來一補)

The expression “three forms of processing and assembly operations (三來)” refers to processing with materials supplied by the Hong Kong Business (來料加工), assembly with parts supplied by the Hong Kong Business (來件裝配) and processing in accordance with samples supplied by the Hong Kong Business (來樣加工). Compensatory trade (一補或補償貿易) is an arrangement whereby the Hong Kong Business provides a loan (either in the form of money, equipment or technology) to an enterprise in the Chinese Mainland to either set up a factory (or /factories) or to exploit resources. When the project is completed, the enterprise uses its products or other products to pay back the loan by instalments within an agreed period of time

1. GENERAL INFORMATION

1.1 Background

- 1.1.1 In April 2008, the Environmental Protection Department (EPD) of the Government of the Hong Kong Special Administrative Region (HKSAR) launched the Cleaner Production Partnership Programme (the Programme) in collaboration with the then Economic and Information Commission of Guangdong Province (now the Department of Industry and Information Technology of Guangdong Province) to encourage and facilitate Hong Kong-owned factories in Guangdong Province and Hong Kong to adopt cleaner production (CP) technologies and practices, thereby contributing to improving the environment. To get in line with the important direction by the Country in accelerating the comprehensive green transformation of economic and social development, and in the view of the environmental benefits brought by the Programme, the HKSAR Government allocates another HK\$100 million in the 2025/26 fiscal year to extend the new round of the Programme for two years until 30 June 2027. Hong Kong Productivity Council (HKPC) continues to be the implementation agent for the Programme and acts as the Secretariat (Secretariat) for operation of the Programme.
- 1.1.2 By supporting eligible factories¹ in adopting new cleaner production technologies, the Programme facilitates green technological upgrades for traditional industries to achieve energy conservation, emission reduction, resource efficiency, and carbon reduction, thereby improving regional environment.

1.2 Funding Project

1.2.1 Table 1 summarises the details of funding project under the Programme:

Table 1: Funding project

	New Cleaner Production Technology Projects
Nature of Projects	<p>The funding project supports Hong Kong-owned factories in adopting new cleaner production technologies to upgrade traditional industries and achieve green transformation.</p> <p>Unless under the exceptional circumstances specified in Section 1.4.1 of this Guide, participating factories must engage either: Category I ET Service Providers^{Note} to provide consultancy services to Hong Kong-owned factories; or Category II ET Service Providers to provide consultancy service and install equipment/systems for cleaner production to enhance energy efficiency, reduce air pollutant emissions, reduce and control wastewater discharge, and reduce solid waste while demonstrating the technologies' benefits, actual costs, and potential financial returns.</p>

¹ Refer to Section 1.3 of this Guide.

New Technologies eligible for funding	New technologies in the Technology List (see Annex C); or Meet the approval criteria ² for fundable new technologies.
Funding Amount	50% of the project fee, subject to a ceiling of HK\$650,000 per each approved application for NCPTP. For projects adopting new technologies developed by Hong Kong institutions or jointly developed by Guangdong and Hong Kong institutions ² , the funding ceiling is HK\$750,000.
Approval Quota of Application	For each factory, only one application will be approved for the same technology, with the total number of approved applications not more than 3. For each new technology, a maximum of 5 applications will be approved.
Number of Projects to be Funded	About 120 to 140 Projects in this round of Programme

Note: Please refer to Glossary for definition and the Programme website for the full list of ET service providers registered under the Programme.

1.3 Who is Eligible to Apply for Funding Support?

1.3.1 Any business registered in Hong Kong under the Business Registration Ordinance (Cap. 310) (“Hong Kong Business”) and also meets any one of the following requirements:

- (i) The Hong Kong Business has a connection with a factory in Guangdong Province which is owned and operated by any of the followings:
 - (a) a Sino-foreign equity joint venture or a co-operative joint venture established in the Chinese Mainland to which the Hong Kong Business is a party; or
 - (b) a wholly-owned foreign enterprise established in the Chinese Mainland with capital from the Hong Kong Business; or
 - (c) a Chinese Mainland enterprise which is a party to a subsisting agreement with the Hong Kong Business in relation to any of the three forms of processing and assembly operations or compensatory trade (三來一補) ; or
 - (d) a Chinese Mainland enterprise to which a Hong Kong resident (natural person) is an owner with more than 50% shareholding or equity interest, who also possesses at least 30% shareholding or equity interest of the Hong Kong Business.

OR

- (ii) The Hong Kong Business owns and operates a factory in Hong Kong.

² Refer to Section 2.4.1. of this Guide

1.3.2 Priority for funding support will be given to companies with factories belonging to any of the following eight targeted industries:

- (a) chemical products;
- (b) food and beverage;
- (c) furniture;
- (d) metal and metal products;
- (e) non-metallic mineral products;
- (f) paper and paper products;
- (g) printing and publishing and
- (h) textiles.

1.3.3 Hong Kong Business with factories from other industry sectors may also apply. Approval of funding for NCPTP for these factories will, however, be subject to the endorsement of the PMC on a case by case basis.

1.4 Implementation by Environmental Technology Service Providers and Other Service Providers

1.4.1 All funded projects must be implemented by the E T Service Providers registered under the Programme. If the project adopts new technologies developed by Hong Kong institutions or jointly developed by Guangdong-Hong Kong institutions² (Hong Kong-involved technologies), it is not mandatory to be implemented by the ET Service Providers registered under this Programme. Applicants may choose either registered ET Service Providers under this Programme or other suitable service providers, including but not limited to environmental technology consultants, technology suppliers, research and development (R&D) institutions, or universities (Other Service Providers) to implement the projects. Other Service Providers is not required for registration under this Programme.

1.4.2 When selecting Other Service Providers to implement the project, applicants should ensure that the relevant service providers are capable of completing the projects as described in Section 3.2 of this Guide and submitting the required project report as specified in Section 3.4. Applicants may contact the Secretariat if there are any questions.

1.4.3 Applicants can, based on their needs, freely choose their ET Service Providers or Other Service Providers to implement the projects funded under the Programme. They should find out, understand and evaluate the services to be provided by the potential service providers and enter into contractual relationship in accordance with good commercial practices.

- 1.4.4 In engaging ET Service Provider(s) or Other Service Provider(s) for implementing the projects under the Programme, applicants must ensure that the appointed ET Service Providers or Other Service Providers (including their associated companies, associated personnel/ officers³, related parties, or associates/associated persons⁴) have no direct or indirect private interests⁵, connections, or relationships with applicants.

³ The expression “officer” has the meaning given to it in the Companies Ordinance (Cap. 622).

⁴ a “person” shall mean any person or body of persons whether incorporated or unincorporated;

“associate” of a person means:

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

“associated person” of a person means:

- (i) any person who has control, directly or indirectly, over that person;
- (ii) any person who is controlled, directly or indirectly, by that person; or
- (iii) any person who is controlled by, or has control over, the first-mentioned person in (i) or (ii);

“control” over another person (“person under control”) means the power of a person to secure:

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

that the affairs of the person under control are conducted in accordance with the wishes of that person exercising control;

“director” means any person occupying the position of a director by whatever name called and includes a de facto or shadow director; In the context of HKPC, it means a member of HKPC appointed under section 9 of the Hong Kong Productivity Council Ordinance (Cap. 1116);

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

⁵ Private interests include the financial and other interests of the service provider/contractor (or the associates/associated persons/officer@ of the service provider/contractor) himself, his family or other relations, his personal friends; the clubs and associations to which he belongs, any other groups of people with whom he has personal or social ties, or any person to whom he owes a favour or is obligated in any way.

2. APPLICATION AND VETTING PROCEDURES

2.1 Application Procedures

- 2.1.1 Step 1: Applicant should identify an ET Service Provider of the relevant category for conducting the project as appropriate. If the project adopts new technologies developed by Hong Kong institutions or jointly developed by Guangdong-Hong Kong institutions², the applicant may choose either ET Service Provider or Other Service Provider to conduct the project. When engaging such provider, the applicant should avoid any conflict of interest (see Section 2.2 of this Guide).
- 2.1.2 Step 2: Applicant should prepare draft service contract with the ET Service Provider or Other Service Provider on the agreed services. The applicant may use any format on the draft service contract as it considers appropriate or use the sample service contract prepared by the Secretariat as reference (see Annex B of this Guide).
- 2.1.3 Step 3: Applicant should obtain quotations of equipment to be procured for the project in support of the budget for equipment in their funding application.
- 2.1.4 Step 4: Applicant must complete the application form (see Annex A of this Guide) and submit it via email to the Secretariat together with electronic copies of the required supporting documents and additional information. The application form can be obtained from the Secretariat or downloaded from the website <http://www.cleanerproduction.hk>. No application fee will be charged.
- 2.1.5 The Programme accepts applications year-round. Project applications will be processed in batches according to the order of submission.
- 2.1.6 Applicant must ensure that all required supporting documents are submitted with the application, and the application form must be signed by the project leader and stamped with the official seal of the applying organisation.
- 2.1.7 The Secretariat will issue an acknowledgment letter to confirm receipt of the application after all the required documents are received.

2.2 Avoiding Conflicts of Interest

- 2.2.1 Applicant should avoid potential conflicts of interest when engaging ET Service Providers or Other Service Providers (see Section 1.4.4 of this Guide).
- 2.2.2 Applicant or any employee authorised to handle or participate in any way in the quotation or bidding process must declare that they have no actual or potential conflicts of interest; otherwise, such employee shall not participate in the procurement work.
- 2.2.3 Applicant shall immediately notify the Secretariat in writing of all or any circumstances that could reasonably be considered to create or potentially create a conflict or competition between the financial, professional, commercial, personal or other interests of the applicant or any Restricted Group⁶ and the applicant's duties and obligations under the funding agreement. The applicant shall report to the Government and PMC through the Secretariat and propose mitigation measures for consideration.

⁶ “Restricted Group” means:

The applicant (including its associates/associated persons), its project team, its directors, employees, agents, contractors, consultants and other personnel and their respective associates/ associated persons (collectively).

2.3 Assessment and Vetting Procedures

- 2.3.1 The Secretariat will begin processing the application upon receipt of all required information and documents. The Secretariat will first conduct a preliminary assessment of the application. If necessary, the Secretariat may request the applicant and/or other relevant parties (eg. testing bodies, equipment manufacturers, suppliers, etc.) to verify the submitted documents or provide clarifications or supplementary information. The applicant should relay such message to these parties to facilitate the vetting process. The applicant must respond to the clarifications and/or submit supplementary information within 2 weeks upon receiving notification from the Secretariat; otherwise, the application will not be processed. Nevertheless, the applicant should provide complete and detailed information when submitting the application form and supporting documents, as the Secretariat is not obligated to request additional information from the applicant. If necessary, the Secretariat may also verify the information provided with the applicant, and the applicant must permit and assist the Secretariat in conducting such verification work; otherwise, the application will likewise not be processed.
- 2.3.2 The Secretariat will assess the application in accordance with the vetting criteria set out in Section 2.4 of this Guide and submit evaluation recommendations for the PMC's consideration and approval of the application.

2.4 Vetting Criteria

- 2.4.1 Application of the project must fulfill the following vetting criteria (i), (ii), and (iii); If technologies with Hong Kong participation in development are adopted, criteria (i) to (iv) must be fulfilled:
- (i) General vetting criteria:
 - (a) Eligible Hong Kong-owned factories (i.e., those meeting the definition of Hong Kong-owned factories in Section 1.3 of this Guide);
 - (b) For factories with the same address, no more than 3 applications will be approved under this round of the Programme;
 - (c) If a factory with the same address had project approved under this round of the Programme, the technology to be adopted in the new application must be different from those adopted in previously approved projects;
 - (d) Priority will be given to small and medium enterprises⁷; and
 - (e) The project implementation plan and scope of the project work are reasonable against the project fee;
 - (ii) Vetting criteria for fundable new technologies:

The new technology to be adopted by the proposed project must fall under one of the following categories:

- a. Air pollutant emission reduction
- b. Energy saving
- c. Effluent reduction and control
- d. Solid waste reduction

⁷ It refers Hong Kong manufacturing businesses employing fewer than 100 employees

- (iii) The new technology to be adopted by the project must be included in the List of New Cleaner Production Technology Projects (see Annex C of this Guide); for technologies not on the List of New Cleaner Production Technology Projects, they will be assessed in accordance with the following criteria:
- a. Anticipated effectiveness and/or benefits of the technology under application;
 - b. Whether the technology under application can be widely adopted in the industry or other industries as well;
 - c. Whether the industrial processes using the technology under application are typical of the industry;
 - d. Whether the technology under application is innovative or relatively new to Guangdong industries, i.e. no/little number of successful applications in Guangdong or nearby regions;
- (iv) Vetting criteria for fundable technologies with Hong Kong participation in development:
- a. Possession of valid documentation (e.g., patents) proving the new technology was developed either by Hong Kong institutions or jointly by Guangdong-Hong Kong institutions; or;
 - b. Technologies funded by the Government funding schemes, including but not limited to:
 - Green Tech Fund;
 - Innovation and Technology Fund (ITF) Programmes:
 - Innovation and Technology Support Programme (ITSP);
 - Mainland-Hong Kong Joint Funding Scheme (MHKJFS);
 - Guangdong-Hong Kong Technology Cooperation Funding Scheme (TCFS); and
 - Enterprise Support Scheme (ESS)

2.5 Project Technology List

2.5.1 The Secretariat compiles a List of New Cleaner Production Technology Projects of fundable new technologies in the areas of air pollutant emission reduction, energy conservation, wastewater discharge control and reduction, and solid waste reduction (see Annex C of this Guide) for applicants' reference. The Secretariat will regularly review and update the technologies in the list during the implementation of the Programme.

2.4.2 For solid waste reduction projects, funding will only be granted for solid waste generated by the factory's own industrial processes, excluding waste from other sources.

2.6 Notification of Results

2.6.1 The Secretariat will notify the applicant in writing of the vetting result within 2 weeks after the vetting of the application by the PMC. Reasons for rejection will be provided in the notification letter if the application is not approved.

2.6.2 The PMC's decision on project applications shall be final and not subject to appeal by the applicant.

2.7 Avoidance of Duplicated Government Funding

- 2.7.1 The successful applicants shall not use projects already funded under this Programme or equipment purchased for such projects to apply for funding under other subsidy schemes of the Government of the HKSAR, including but not limited to the SME Funding Schemes, the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund), etc. with the projects or the equipment procured for implementation of the projects funded by this Programme. Similarly, if the applicants have already received funding from other HKSAR Government schemes for a project or equipment, the funded project is not eligible for applying for funding under the Programme.

2.8 Withdrawal and Resubmission of Applications

- 2.8.1 The applicants may withdraw their applications by written notice to the Secretariat prior to signing the funding agreement. All withdrawal requests must be submitted in writing to the Secretariat.
- 2.8.2 If an application is rejected, the applicant may resubmit the application. However, the resubmitted application must address all the recommendations made by the Secretariat and/or the PMC for the previous application, otherwise the Secretariat will not process the resubmitted application. Resubmitted applications will be treated as new applications and processed according to the procedures outlined in Section 2.3 of this Guide.

3. PROJECT AGREEMENT AND ADMINISTRATION

3.1 Contractual Requirements

- 3.1.1 The successful applicants are required to sign a funding agreement with the Secretariat and it must comply with all the terms and conditions of the agreement, this Guide and the instructions and correspondences issued by the Secretariat or the EPD of the Government of the HKSAR from time to time in respect of the project or the Programme.
- 3.1.2 The PMC reserves the right to revoke the approval if an applicant fails to sign the funding agreement within 2 months of the Secretariat's notification of the applicant's vetting result and without justifications acceptable by the Secretariat.
- 3.1.3 Procurement of equipment for project may commence prior to the signing of funding agreement, provided that the application was submitted before such procurement. **Applicants should note that their applications may not necessarily be approved by the PMC. If applicants conduct the project or purchase related equipment before receiving notification of the vetting result, they shall bear the risk of being unable to obtain any financial support under the Programme should their applications subsequently be rejected by the PMC.**
- 3.1.4 Costs incurred before the application number issue date or after the project completion date will not be funded, regardless of whether the project application is approved or not.

3.2 Project Commencement, Milestones and Completion

- 3.2.1 All approved projects must commence within 2 weeks after signing the funding agreement and within 12 months from the signing date, the project must be completed with submission of the final report to the Secretariat. For report requirements, please refer to Section 3.4 of this Guide. If the applicant fails to complete the project and submit the final report within the specified timeframe, the approved funding will not be disbursed.
- 3.2.2 Any request to revise the project completion date must be supported by valid reasons and obtain written approval from the Secretariat. Failure to implement the project as required after signing the funding agreement with the Secretariat will result in project termination and non-disbursement of approved fund.
- 3.2.3 The successful applicants must notify the Secretariat via email of the actual equipment installation date at least 2 weeks prior to installation. They must provide photos and videos showing the installation location and surrounding environment for verification by the Secretariat. The Secretariat may also conduct on-site visits or progress review meetings as necessary to monitor project implementation.
- 3.2.4 EPD will engage independent third-party organisations (other than the Secretariat) to conduct random audits on completed Projects to assess project effectiveness, review documentation and evaluate project management. Such independent audits constitute a mandatory funding condition, and the applicants must consent to and facilitate these audits after project completion.

3.3 Procurement of and Title to Equipment under Projects

- 3.3.1 The applicant must comply with the following procedures for equipment procurement (see Sections 3.3.2 to 3.3.4 of this Guide).
- 3.3.2 The applicant is required to ensure that all procurement of equipment is carried out in an unbiased and fair manner and must comply with the following procedures unless the PMC agrees otherwise:
- (a) For every procurement the aggregate value of which does not exceed HK\$50,000, written quotations from at least 2 suppliers or service providers should be obtained (verbal quotation is acceptable for value does not exceed HK\$10,000).
 - (b) For every procurement the aggregate value of which exceeds HK\$50,000, but does not exceed HK\$1,360,000, written quotations from at least 5 suppliers or service providers should be obtained. If less than 5 suppliers could be identified on the market, this should be recorded on the procurement document.
 - (c) For every procurement the aggregate value of which is more than HK\$1,360,000, open tendering is required.

For (a) to (c), the lowest conforming bid meeting the technical requirements shall be accepted unless justifications are given in the application and endorsed by the PMC. If less than the required number of suppliers or service providers could be identified from the market, it should be recorded on the procurement document.

- 3.3.3 The applicant must comply with the Best Practice Checklist - Procurement

(Government Funding Schemes Grantee's Guidebook) published by the Hong Kong Independent Commission Against Corruption (ICAC), as well as other relevant guidelines issued by the Secretariat/Government.

- 3.3.4 The title to any equipment purchased under the projects belongs to the successful applicant. All the equipment and procurement documents should be kept by the successful applicants for 1 year from completion of the project and they should be made available for the Secretariat's inspection upon request.

3.4 Reporting Format

- 3.4.1 Upon completion of the project, the successful applicants must submit a final report prepared by ET Service Providers or Other Service Providers to the Secretariat. The final report shall include, but not be limited to, the following aspects:

- (a) An overview of the factory production processes and technologies adopted in the project;
- (b) A description of the technologies implemented in the project, including their reasonably anticipated benefits, operational requirements, and maintenance requirement; and
- (c) An evaluation of the project performance based on actual benefits, operational and maintenance data⁸, and cost-effectiveness. Where significant discrepancies exist between the anticipated and actual benefits, the report must provide justified explanations.

- 3.4.2 The successful applicants for the projects shall submit to the Secretariat an about one-minute technical introduction video clip, together with a final report (see Section 3.4.1 of this Guide). The content of the video shall include:

- (a) Factory background information;
- (b) Description of the project and the adopted new technologies; and
- (c) Benefit evaluation

3.5 Auditing Requirement

- 3.5.1 To ensure that the project funds have been solely and properly applied to the project and expended in accordance with the approved budget, an audited statement of expenditure shall be required for projects. The required accounts shall be audited by an independent auditor who must be a Certified Public Accountant holding a practicing certificate registered under the Accounting and Financial Reporting Council Ordinance (Cap. 588) (the "auditor"). The applicant shall specify in the engagement letter for the employment of the auditor that the auditor shall strictly follow the requirements stipulated in the latest version of the "Notes for Auditors" (the "Notes") issued by the Secretariat in conducting the audit and preparing the auditor's report for each project. The engagement letter shall also specify that the Secretariat or any authorised person acting on behalf of the Government shall have the right to communicate with the auditor on matters concerning the project expenditure accounts and the supporting

⁸ For air pollutant emissions reduction technologies, applicants are either required to:

- (i) Collect at least 3 samples during normal operational conditions that best represents the annual projection of air pollutant emissions reduction for laboratory analysis after equipment installation; or
- (ii) Implement an online monitoring system as part of their funded project for emission reduction projections. Up to 1 year of the data collected by the online monitoring system after the installation of the air pollutant emissions reduction equipment should be provided to the Secretariat for reference upon request without additional cost.

statements, and the auditor shall provide the Secretariat or any authorised person acting on behalf of the Government with access to such project expenditure accounts and supporting statements for inspection, verification and copying from time to time upon reasonable notice being given by the Government. In conducting the audit, the auditor must 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 auditor's report, the auditor is required to express an audit opinion as to whether the applicant has complied, in all material respects, with the terms and conditions of the funding agreement and to make full disclosure of any material non-compliance.

3.6 Unallowable Costs

3.6.1 The funding shall only be used for engaging ET Service Providers or Other Service Providers to provide technical support and procuring equipment required for the project implementation (including equipment installation costs). Any internal manpower or other expenses incurred by the successful applicants in connection with the projects funded under this Programme will not be covered by the Programme.

3.7 Representative of the Successful Applicant

3.7.1 At least two representatives shall be appointed by the successful applicants and be responsible for:

- (a) Overseeing the approved project generally;
- (b) Liaising with and answering all enquiries and requests raised by the EPD of the Government of the HKSAR, the PMC or the Secretariat for information and clarification on all aspects of the approved project; and
- (c) Attending progress meetings when required.

3.8 Change of Company Status and Project Details

3.8.1 Approved project is required to be conducted strictly in accordance with the scope of the project and all terms and conditions as set out in the funding agreement. The successful applicants must seek prior approval of the Secretariat in writing for any modification, amendment or addition to the project details or the funding agreement, including change of company status, representative(s) of the successful applicant, management structure of the company, project commencement or completion dates, ET Service Provider, Other Service Provider, new technologies adopted for Projects, performance evaluation methodology, etc. The Secretariat reserves the right to decide whether to accept requests for change of information.

4. DISBURSEMENT OF FUNDS

4.1 Conditions for Disbursement of Funds

4.1.1 The Secretariat will disburse full approved funding amount to the successful applicants after the following requirements are fulfilled:

- (a) Submission of a final report to the satisfaction of the Secretariat within 12 months after signing the funding agreement;
- (b) Submission of the completed service quality survey for the ET Service Providers or Other Service Providers after project completion;

- (c) Provision of proof for full payment proof⁹ to the ET Service Providers or Other Service Providers by the successful applicants;
 - (d) If equipment and/or installation works service are directly procured by the successful applicants, submission of all procurement documents and payment proof¹⁰ ;
 - (e) Audited statement of expenditure (see Section 3.5.1 of this Guide); and
 - (f) Other relevant documents as required by the Secretariat and/or the Government.
- 4.1.2 If the successful applicants fail to comply with the procurement guidelines in Sections 3.3.2 to 3.3.4 of this Guide for procurement of equipment for the project, the Secretariat reserves the right to withhold any funding disbursement.
- 4.1.3 The funding amount approved by the PMC is the maximum funding amount for the concerned project. This maximum funding amount will not be increased in view of any changes in project details.
- 4.1.4 Unless the Secretariat determines it necessary to withhold funding disbursement, disbursement of funds will generally be made by bank transfer within 1 month upon fulfilment of all the relevant funding disbursement conditions. If funding disbursement needed to be withheld, the Secretariat will notify the successful applicants of the reasons for withholding the disbursement of fund.

4.2 Suspension or Termination of Funding Support

- 4.2.1 Without prejudice to any other rights or remedies the Secretariat may have, the Secretariat may at any time terminate the approved project and/or suspend disbursement of fund if any of the following circumstances occur:
- (i) Unsatisfactory project progress;
 - (ii) The successful applicant fails to submit the final report within the specified timeframe;
 - (iii) The submitted final report does not to the satisfaction of the Secretariat;
 - (iv) The successful applicant breaches any terms and conditions of the funding agreement; or
 - (v) The Secretariat deems it appropriate for safeguarding public interest.

The above termination or suspension grounds are not exhaustive, and the Secretariat may exercise this right as it considers appropriate after consulting the PMC. After project termination, the Secretariat will not make any further payments to the successful applicant, and neither the Secretariat nor the PMC shall be liable for any costs incurred by the successful applicant due to the termination.

- 4.2.2 Requirements of all applications, agreements and projects:

- (a) Notwithstanding anything to the contrary in the application guide, application

⁹ If there are regulations requiring value-added tax (VAT) invoices at the procurement location of the implemented measures, enterprises must ensure that the supplier (i.e., the seller) issues valid VAT ordinary invoices/special invoices. Any other documents outside the regulations, such as general receipts or transaction records, will not be accepted. Enterprises can verify the information on the VAT invoices, including whether it matches the information on the supplier's (i.e., the seller's) business registration certificate, tax registration certificate, and delivery notes, to reduce the risk of receiving fraudulent VAT invoices. If there is a VAT invoice verification platform provided by the local tax authorities or official bodies in the relevant market, the Secretariat recommends that enterprises use the verification platform to check the authenticity of the invoices. If the expenditure vouchers provided by the enterprise cannot be verified or contain any false information, the project may be terminated and handed over to the government's law enforcement agencies for further action.

¹⁰ Same as above.

form and/or the agreement(s) signed between the applicant and the Secretariat in respect of the Project, the Secretariat, upon consultation with the Government, reserves the right to disqualify the applicant on the grounds that the applicant has engaged, is engaging, or is reasonably believed to have engaged or be engaging in acts or activities that are likely to cause or constitute the occurrence of offences endangering national security or otherwise the exclusion is necessary in the interest of national security, or is necessary to protect the public interest of Hong Kong, public morals, public order or public safety.

- (b) The Secretariat, upon consultation with the Government, may immediately terminate the agreement(s) upon the occurrence of any of the following events:
 - (i) The Secretariat believes that the applicant has engaged or is engaging in acts or activities that are likely to constitute or cause the occurrence of offences endangering national security or which would otherwise be contrary to the interest of national security;
 - (ii) The Secretariat believes that the continued engagement of the applicant or the continued performance of the project is contrary to the interest of national security; or
 - (iii) The Secretariat reasonably believes that any of the events mentioned above is about to occur.

4.2.3 The applicant must provide accurate and complete information. Any inaccurate or incomplete information may affect application processing or funding disbursement. If the applicant provides fake, or misleading, or incomplete, or inaccurate information or makes any false statements or improper conduct, without prejudice to any powers, rights, remedies and claims under the funding agreement or the law, the Government has the right to immediately reject or cancel the application, or as appropriate, terminate the funding agreement between the applicant and the Secretariat for the project, and require the applicant to repay all funds provided by the Government or Secretariat to the applicant plus any related administrative costs incurred by the Government and/or Secretariat immediately upon the Secretariat's request. Furthermore, providing false, misleading, incomplete or inaccurate information to obtain benefits may constitute a criminal offense, and offenders may be subject to criminal prosecution.

5. PUBLICITY AND USE OF NEW CLEANER PRODUCTION TECHNOLOGY PROJECT RESULTS

5.1 Use of New Cleaner Production Technology Project Results

5.1.1 The successful applicants can publicise the funded project results on their own initiatives through publications, seminars, workshops, conferences, exhibitions, site visits, etc. with prior notice to the Secretariat. Acknowledgement of this funding support (by showing the official logo of the Programme provided by the Secretariat) must appear on all equipment, facilities, publicity/media events related to the project, as well as in publications arising from the project. The following disclaimer should also be included in these publicity and media events related to the acknowledgement:

“Any opinions, findings, conclusions or recommendations expressed in this material/event (or by the successful applicant) do not reflect the views of the Government of the Hong Kong Special Administrative Region (HKSAR), the

Environmental Protection Department of the Government of the HKSAR, the Project Management Committee of the Cleaner Production Partnership Programme or Hong Kong Productivity Council.”

5.2 Publicity of the Results of New Cleaner Production Technology Projects

- 5.2.1 The Secretariat may share the findings of the projects and experience gained with the industry and factories. The successful applicants may need to participate in the publicity and technology promotion activities of the Programme when being invited by the Secretariat 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's factory on the production process where installation of equipment/modification of production process has been carried out under the funded projects, as arranged by the Secretariat.

6. PREVENTION OF BRIBERY

- 6.1 The applicant shall observe the Prevention of Bribery Ordinance (Cap.201) (“POBO”) 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 (including HKPC staff) any money, gifts or advantages (as defined in the POBO) in relation to the project.
- 6.2 The offer of an advantage to the Secretariat or any member of the PMC/Government either with or without a view to influencing the approval of an application is an offence under the POBO. 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 Government may also cancel the application approved and hold the applicant liable for any loss or damage which the Government may sustain.
- 6.3 The applicant is also advised to observe the guidelines set out in the “Best Practice Checklist – Strengthening Integrity and Accountability – Government Funding Schemes Grantee’s Guidebook” compiled by the Corruption Prevention Department of the Independent Commission Against Corruption (ICAC) in order to execute the funding agreement in an ethical and accountable manner which meets the public expectation. The Guidebook is available for download from the Website of Corruption Prevention Advisory Service of ICAC (https://cpas.icac.hk/EN/Info/Lib_List?cate_id=3&id=142).

7. ENQUIRIES

- 7.1 For enquiries regarding this Programme, please contact:

The Secretariat
Cleaner Production Partnership Programme
HKPC Building
78 Tat Chee Avenue
Kowloon
Hong Kong

Telephone : (852) 2788-5588
General enquiry : enquiry@cleanerproduction.hk
New Cleaner Production Technology Project : ncptp@cleanerproduction.hk
Website : <http://www.cleanerproduction.hk>