

# PILOT GREEN TRANSPORT FUND

## Guide to Application

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## 1. INTRODUCTION

The Pilot Green Transport Fund (the Fund) is to encourage the transport sector to test out green and low-carbon transport technology so as to improve roadside air quality and avert global climate change. Furthermore, the Fund helps nurture the budding of green technologies and will open up business opportunity for green transport technologies in Hong Kong. The total amount of the Fund is HK\$300 million.

### 1.1 Purpose of this Guide

This Guide provides guidance on the application for subsidy under the Fund and sets out the basic requirements for and responsibilities of the subsidy recipient. The information in this Guide is arranged as below –

**Section 1 Introduction:** gives an introduction about the Fund and its operation.

**Section 2 Application and Vetting Procedures:** describes the application and vetting procedures of the Fund.

**Section 3 Guide to Application:** describes the eligibility criteria for the applicant and the green technology for trial, the requirements of the trial and the scope of the subsidy.

**Section 4 Notes for Completing Application Form:** provides guidance on filling out the application form of the Fund.

**Section 5 Notes for Release and Use of Subsidy:** provides some major conditions for the release and use of the approved subsidy under the Fund.

### 1.2 Operation of the Fund

The Fund is to support the testing of green and innovative technologies applicable to the public transport sector as well as goods vehicles (including special purpose vehicles) that can help improve our air quality and/or reduce greenhouse gas emissions. The public transport sector includes ferries, taxis, public light buses, vehicles of charitable / non-profit-making organizations providing services to their clients, franchised buses and non-franchised public buses. The Fund will only

support a technology that stands a good chance of coping with the local operation demands and being adopted by the relevant transport trade should the trial be successful. The following are the guiding principles for determining the eligibility of an application under the Fund –

- (a) the Fund will subsidize the capital cost of the hardware (including installation cost if applicable) of the innovative green product proposed for trial on a cost-sharing basis, but will not subsidize the associated recurrent expenditure, such as the operation, repair and maintenance costs;
- (b) the innovative green product should work on sound scientific principles. It should outperform significantly the emission or fuel economy performance of its conventional counterpart in respect of air pollutant or greenhouse gas emissions or fuel economy or bring along significant emission or fuel economy benefits in the case of retrofit or add-on devices. The extent of performance improvement shall at least be comparable with that achieved by advanced technologies for similar applications;
- (c) the technology of the innovative green product should not already be commonly or widely in use for day-to-day application locally in the targeted transport trades. It should also likely be affordable for the transport trades in respect of capital and operation costs;
- (d) the innovative green product should likely be able to cope with the operating conditions in Hong Kong such as the hilly terrain, hot and humid climate, intensity of operation, etc.;
- (e) new fossil fuel engine technology that involves a substantial degree of innovativeness in engine design or construction to achieve significant improvement in emission control performance or fuel economy will be eligible for application to the Fund. However, regular upgrading of emission performance of conventional fossil fuel vehicles in accordance with the prevailing international standards (for example, European standards) will not generally be eligible;
- (f) the use of the innovative green product must not violate any statutory

requirements such as roadworthiness, fire safety, etc. and can satisfy the approval requirements of the relevant regulatory authorities;

- (g) the innovative green product under application shall not be receiving or have received funding<sup>1</sup> from other Government sources, public bodies or charitable organizations for the same purpose; and
- (h) the Fund is not intended for supporting research of new green technologies.

Moreover, the applicant is encouraged to cooperate with potential suppliers of green transport technologies, research institutes or other relevant stakeholders for conducting the trial.

### **1.3 Administration**

The Fund is administered by the Pilot Green Transport Fund Secretariat (the Secretariat) of Environmental Protection Department (EPD). A Steering Committee has been formed to advise EPD on the approval of funding for each application. The Steering Committee is chaired by a non-official member and includes, inter alia, members appointed in their personal capacity but drawn from the relevant sectors including academic institutions, the transport trades, etc., as well as representatives of concerned Government departments.

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<sup>1</sup> Except tax incentive schemes to encourage the use of electric vehicles and environment-friendly commercial vehicles.

## **2. APPLICATION AND VETTING PROCEDURES**

### **2.1 Submission of Application**

The Fund is open for applications from 30 March 2011 until the HK\$300 million budget is fully utilized. An applicant has to fill out an application form attached to this Guide, which is available from –

Pilot Green Transport Fund Secretariat, Environmental Protection Department,  
33/F, Revenue Tower, 5 Gloucester Road, Wan Chai, Hong Kong

Tel : 2824 0022  
Fax-on-Demand : 2824 0022  
E-mail : [pgtf@epd.gov.hk](mailto:pgtf@epd.gov.hk)

Softcopy of this guideline and application form can be downloaded from the EPD website at:

[https://www.epd.gov.hk/epd/english/environmentinhk/air/prob\\_solutions/pilot\\_green\\_transport\\_fund.html](https://www.epd.gov.hk/epd/english/environmentinhk/air/prob_solutions/pilot_green_transport_fund.html)

The completed application form and supporting documents should be submitted to the Secretariat by post or by hand to the above address OR by e-mail to [pgtf@epd.gov.hk](mailto:pgtf@epd.gov.hk). The Secretariat will acknowledge receipt of the application in writing within 5 working days.

*(Note: For application submitted by email, the total file size of the attachment is limited to 10Mb and the file format must be .docx, .jpg or .pdf. )*

### **2.2 Vetting of Applications**

The application will be assessed by EPD or a third party assessor appointed by EPD. The Secretariat or the third party assessor may request the applicant to provide clarification or supplementary information.

The Secretariat will normally be able to complete assessing an application in two to three months and report the outcome to the Steering Committee for deliberation if all the requested information is properly provided in the application. However, a longer time may be required should there be many applications awaiting the vetting or the

application involves a technology or issues that require more time to consider. The Secretariat will notify the applicant two weeks before the Steering Committee meeting which will consider his application. The Steering Committee generally holds meetings at a quarterly interval, depending on the status and number of applications received.

The Steering Committee will make its recommendation to the Director of Environmental Protection Department (Director) whether an application be approved or rejected, or any further information is required from the applicant. If further information is required, the Secretariat will notify the applicant within 5 working days after the meeting. After receiving applicant's responses, the Steering Committee will make a final decision either at the next meeting or by sending their views to the Secretariat for the Director's consideration. The Secretariat will inform the applicant of the Director's decision as soon as practicable.

The Steering Committee will consider the relative priorities for funding support. If an application is recommended for approval, the Steering Committee will recommend a subsidy amount and, if any, the terms and conditions which will form part of the agreement.

The Secretariat will post a summary of the approved application to the afore-mentioned EPD website.

### **2.3 Withdrawal of Application**

The applicant can write to the Secretariat to withdraw an application at any time before signing with the Government an agreement for receiving the subsidy.

In the case of an application on which the Secretariat or the third party assessor has requested for additional information or clarification, the Secretariat will consider the application withdrawn if the applicant has not responded to the request by the specified date and the applicant will be notified accordingly.

### **2.4 Resubmission of Application**

If an application for subsidy was rejected, the Secretariat will only accept an application for trial of the same green technology if there are new grounds for

considering the application, particularly whether the concerns of the Steering Committee on the previous application have been addressed. The resubmitted application will be treated as a new one and processed accordingly.

### 3. GUIDE TO APPLICATION

#### 3.1 Eligible Applicants

The Fund will support the testing of green and innovative technologies applicable to the public transport sector including ferries, taxis, public light buses, vehicles of charitable / non-profit-making organizations<sup>2</sup> providing services to their clients, franchised buses and non-franchised public buses, as well as goods vehicles (including special purpose vehicles).

The applicant should be an existing operator in the transport sector with operation based in Hong Kong (including cross-boundary transport) who –

- (a) has been carrying out business in the relevant transport service for more than one year<sup>3</sup>;
- (b) will likely remain in the service after the trial to bear fruit;
- (c) has the potential to put the new technology under test into wider use in his own operation upon successful trial results;
- (d) is willing to share the findings of the test with other operators; and
- (e) is not receiving or has not received funding<sup>4</sup> from other Government sources, public bodies or charitable organizations for the same purpose of the application.

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<sup>2</sup> Charitable / non-profit making organization refers to an institution which is exempted from tax in accordance with section 88 of the Inland Revenue Ordinance (Cap. 112).

<sup>3</sup> A subsidiary company which has less than one year relevant transport experience but is wholly owned by an operator that has been in relevant transport business for more than one year, is also eligible.

<sup>4</sup> Except tax incentive schemes to encourage the use of electric vehicles and environment-friendly commercial vehicles.

### 3.2 Eligible Green and Innovative Technologies

The Fund supports a green and innovative transport technology which–

- (a) works on sound scientific principles;
- (b) outperforms its conventional counterpart by emitting significantly less air pollutant or greenhouse gas, or demonstrating much better fuel economy<sup>5</sup>. However, regular upgrading of emission performance of conventional fossil fuel vehicles in accordance with the prevailing international standards (e.g. European standards) should not generally be qualified for application;
- (c) has not been commonly or widely used for day-to-day operation in the relevant transport trade locally;
- (d) is affordable to the transport trades in respect of capital and operation costs;
- (e) is likely able to cope with the local operating conditions such as hilly terrain, hot and humid climate, intensity of operation, etc.;
- (f) does not violate any statutory requirements such as licensing, road safety, roadworthiness, fire safety, etc. and can satisfy the approval requirements of the relevant regulatory authorities; and
- (g) is not for research purpose.

It may involve one or more of the following products –

- (a) alternative-fueled vehicles such as hybrid vehicles, plug-in hybrid vehicles, electric vehicles, etc.;
- (b) after-treatment emission reduction devices such as diesel particulate filters, selective catalytic reduction devices, exhaust gas recirculation systems, wet scrubbers, etc.;

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<sup>5</sup> In the case of technology involving retrofit or add-on devices, it shall cause either significantly reduced emission or much better fuel economy. The extent of performance improvement shall at least be comparable with that achieved by advanced technologies for similar applications.

- (c) fuel saving devices; or
- (d) conversion of in-use conventional vehicles to alternative-fueled vehicles.

As technology continues to develop, innovative green products other than the above may also be available for trial by the transport trades. The Steering Committee will consider such applications on a case-by-case basis.

### **3.3 Trial Schedule**

The subsidized product should be tried for a period long enough to allow sufficient data to be collected to assess the technology's performance and its practicability of wider use in Hong Kong. The trial period normally ranges from 12 to 24 consecutive months depending on the technology involved. For example, an electric vehicle may need to be tested for two years to evaluate the performance of its battery. The applicant should propose a trial period with justification for consideration by the Steering Committee. However, the Steering Committee may recommend a different trial period if it thinks fit.

The commencement date of the trial should be within 12 months after the agreement of subsidy is signed by the applicant. The commencement date of the trial is the date upon which the subsidy recipient shall start to put the subsidized product into use for the trial.

### **3.4 Product Performance Data Collection**

During the trial period, a subsidy recipient shall record fuel/energy consumption, maintenance cost and any other relevant data on a daily basis for evaluating the performance of the subsidized product being tested. The applicant shall agree with the Director on the type and form of data to be collected.

For charging or similar support system, the subsidy recipient shall install an independent metering for each subsidized product to record fuel/energy consumption.

Upon completion of the trial, the subsidy recipient shall provide the data collected in the trial to the Secretariat or an independent third party assessor appointed by the

Director to compile a report on the performance of the subsidized product. The subsidy recipient shall also provide for comparison the performance of conventional product(s) used for the same purpose during the trial period or other historical period as required by the Steering Committee. The applicant shall agree with the Director on the type and form of data to be collected

During the trial period or after the completion of the trial, the subsidy recipient, upon the request of the Director, shall provide the subsidized product, free of charge, for testing the emission performance of the subsidized product.

### **3.5 Subsidy Level**

The Fund only subsidizes the capital cost of the hardware (including installation cost if applicable) of the green and innovative technology product proposed for trial but not the associated recurrent expenditure. The subsidy levels for various technologies to be tested are set out in Table 1 below.

An applicant is allowed to submit more than one application to try different technologies (e.g. a public light bus operator to try both hybrid vehicles and electric vehicles) or to test products from different suppliers for the same technology under the same application to compare performance subject to the caps in the Table 1. A transport operator is, however, subject to an upper limit of **\$12 million** in total subsidy.

As technology continues to develop, innovative green products other than those in Table 1 may also be available for trial by the transport trades. The Steering Committee will consider such applications on a case-by-case basis, using the same principles that the Fund would cover as much as 50% of the capital cost of the vehicles and the set up cost of the dedicated charging facilities or refilling facilities or other related support systems; or 75% of the cost of emission reduction/fuel saving devices (including installation cost if applicable), subject to the upper limits of **\$9 million** for each application and **\$12 million** for each applicant.

**Table 1 – Subsidy levels and caps**

<b>Green and innovative technology product</b>	<b>Subsidy level</b>	<b>Subsidy cap</b>
(a) <u>Alternative-fueled vehicles</u> (i) Subsidy per vehicle  (ii) Related support systems	(i) Price premium between the alternative-fueled vehicle and the conventional vehicle or 50% of the cost of the alternative-fueled vehicle, whichever is higher  (ii) 50% of setting up cost	\$3 million per vehicle, and \$9 million per application
(b) <u>Conventional vehicles</u> (i) After-treatment emission reduction devices; (ii) Fuel saving devices; or (iii) Conversion of in-use conventional vehicles to alternative-fueled vehicles	75% of the cost of the device including installation or the vehicle conversion cost	\$1.5 million per device or vehicle conversion, and \$9 million per application
(c) <u>Ferries</u> Engine retrofit or testing of alternative-fueled engine	75% of the device or engine including installation	\$3 million per engine or device, and \$9 million per application

### **3.6 Limits of Applications**

To encourage the industry to test out and adopt green and innovative technologies by facilitating a reasonable number of operators in a specific transport trade to experience the first-hand use of such innovative green products, and to avoid mistaking the Fund as one that provides subsidy to operators in acquiring innovative green product, limits are set on the number of applications from a transport trade (e.g. public light bus operators) on a type of innovative transport technology (e.g. hybrid vehicles); and on the number of units of such green product per application.

Such limits are decided by the Steering Committee with the objectives of enabling a thorough trial of a technology by a transport trade for which an application has been made, and effective sharing of the trial experience within the relevant transport trade. Consideration will also be given to the characteristics of the specific innovative green product, the operation modes of the transport trade, products of similar technologies that have already been put on trial, and the availability of products from other suppliers of similar technologies.

In case several applications are received from the same transport trade for the same type of technology and the relevant limits are exceeded, the Steering Committee will decide on the priorities of the applications based on the following underlying considerations –

- (a) whether the application will cover the operation modes of a specific trade, which can be quite diverse even within the trade; and
- (b) whether the completion of the trial under application, if successful, can help encourage the transport trade to use the innovative green product.

Details of the above limits have been uploaded onto the EPD website whose address is in Section 2.1 of this Guide.

## **4. NOTES FOR COMPLETING APPLICATION FORM**

This Section provides guidance for the applicant to complete the application form.

### **4.1 General**

- (a) All sections of the application form must be completed and supplemented by supporting documents when necessary. Where the information sought is not applicable or not available, please fill in “NA”.
- (b) The information provided in the application form should be typed or printed, and should be clear and concise. Additional pages may be attached to the application form if necessary.
- (c) One application should be submitted for each type of technology described in Section 3.2 for each vehicle class as classified by the Transport Department<sup>6</sup>.
- (d) If an applicant is a limited or unlimited company, it must apply under the name of the company and the application form must be signed by an authorized person of the company in the Declaration.
- (e) If an applicant is a sole proprietor, he/she must sign the Declaration by himself/herself.
- (f) If an applicant is a partnership, all partners should provide their names and signatures as Authorized Person in the Declaration.

### **4.2 Section A - Particulars of Applicant**

- (a) If the applicant is a sole proprietor, please provide a title such as Mr, Mrs, Miss or Ms.
- (b) The business registration certificate number should be provided unless the applicant is exempted from making an application for business

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<sup>6</sup> Vehicle classes include taxi, light goods vehicle, medium goods vehicle, heavy goods vehicle, special purpose vehicle, public light bus, private light bus, public bus and private bus.

registration under the Business Registration Ordinance (Cap. 310). If the applicant is a limited company, certificate of incorporation number should also be provided. The applicant should attach a copy of the certificate(s).

- (c) If an applicant would like to have his application considered as one submitted by a charitable or non-profit-making organization, relevant supporting documents should be provided.
- (d) If an applicant is a company which has less than one year relevant transport experience but is wholly owned by an operator that has been in the relevant transport business for more than one year, the applicant should provide the information of the parent company as well as the applicant in the application form and attach a copy of relevant business documents, and proof of their relationship.

#### **4.3 Section B – Green and Innovative Product Trial Proposal**

- (a) The applicant should outline the technology to be tried out, including how the technology will be used and attach an implementation schedule and plan showing the stages from procurement, installation to the actual trial. With the exception of product involved in cross-border operation, the entire trial must be conducted in Hong Kong.
- (b) If the trial involves installing support system such as charging stations, the applicant should attach an installation plan to give an outline of the system and a list of installation locations. Supporting document should be provided to prove that the applicant could install and use the support system at the proposed location.
- (c) The applicant should provide overseas retail/open market price of the technology for reference and attach the following supporting documents –
  - (i) quotation from the supplier(s); and
  - (ii) reference of overseas retail/open market price, such as the relevant internet website of the technology.

- (d) The applicant should indicate whether the product to be tested is a proprietary product<sup>7</sup> only available from a single supplier. For a proprietary product, the applicant should give full justifications for choosing the product and an explanation on the reasonableness of the price of the product.
- (e) The applicant should provide documents to substantiate the compliance of the trial product with the relevant statutory requirements (such as road safety, roadworthiness, fire safety, vehicle registration and licensing, land use, electrical installation etc.). For example, if the product is a vehicle, the applicant should provide the type approval or any applicable approval documents (e.g. in-principle approval or provisional type approval) issued by the Transport Department. In this regard, the type of vehicle and technology should be readily available in overseas markets, and the manufacturer of the vehicle should be ready to provide all necessary information and certification documents required by the Transport Department in order to reduce the approval time; and in the case of conversion of vehicles, supporting approval documents from the original vehicle manufacturer shall be required. If the trial involves installing supporting facilities, the applicant should provide, among others, proof of right or permission to use the premises for the installation. A product involved in cross-border operation must also meet all legal requirements of relevant jurisdiction outside Hong Kong. The applicant is required to indicate the product's compliance status in the application form and attach supporting document to prove the compliance. The applicant shall bear solely all risks, and all costs and expenses of acquiring and installing any subsidized product or support system and completing compliance of legal requirement.
- (f) The applicant should attach documents supporting the stated environmental benefits, and the emission reduction or fuel saving calculation. The document could be an official report issued by the relevant manufacturer, a government department, an independent emission certification agent, etc. that shows fuel efficiency and the emission performance (such as nitrogen oxides, hydrocarbons and

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<sup>7</sup> The proprietary product may be a patentable product. For further information on patentable inventions, Please refer to sections 93 to 97 of the Patents Ordinance (Cap.514).

carbon dioxide emissions) of the technology to be tested, supporting technical data and the method used to evaluate the technology.

- (g) The applicant should propose a trial period in the number of consecutive months.
- (h) The applicant should not propose a commencement date of trial more than 12 months from the date of application approval. If the trial can only commence more than 12 months after the date of approval, the applicant should provide explanation in the application form together with supporting document.
- (i) The applicant should propose data collection plan and schedule for collecting systematically information on the subsidized product's performance. The program should include, among others, what, how and when such data will be collected.
- (j) The subsidy amount proposed by the applicant for each technology should tally with his detailed calculation in Section C of the application form. The subsidy amount is also subject to the cap of \$9M per application and \$12 million for each transport operator as stipulated in Section 3.5. If the total amount the subsidy already granted to or being applied by the applicant exceeds the subsidy cap, the application will not be accepted.
- (k) The applicant should list out all other applications submitted by the applicant and its Related Companies<sup>8</sup>. If an applicant is a partnership, the applicant should provide information on other trial applications submitted to the Fund by each individual partner. The subsidy already granted to or under application by the individual partner will be taken into account to determine whether the application is accepted.

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<sup>8</sup> "Related Companies" under the Fund is defined as:

- (i) a holding company (including individual) which directly owns more than 50% shares of an applicant;
- (ii) a subsidiary company with more than 50% shares directly owned more by the holding company in (i); and
- (iii) a subsidiary company with more than 50% shares directly owned by the applicant.

#### 4.4 Section C – Subsidy Calculation Tables

The applicant should refer to the latest version of the Guide for the average values of conventional vehicles in calculating the price premium between an alternative-fueled vehicle and conventional vehicle. To obtain the latest Guide, please refer to Section 2.1. Table 2 shows the applicable average values of conventional vehicles.

**Table 2 - Average Values of Conventional Vehicles (including first registration tax)**

Vehicle Class	Permitted Gross Vehicle Weight [W] tonnes	2018 <sup>9</sup> Average Value HK\$
Light goods vehicle (non-van type)	$1.9 < W \leq 5.5$	375,000
Light goods vehicle (van type)	$1.9 < W \leq 5.5$	311,000
Medium goods vehicle	$5.5 < W \leq 10$	444,000
	$10 < W \leq 13$	543,000
	$13 < W \leq 16$	682,000
	$16 < W \leq 24$	938,000
Heavy goods vehicle	$24 < W$	1,011,000
Non-franchised bus with 17 to 30 seats		783,000
Non-franchised bus with 31 seats and above		1,442,000
Franchised public bus, single deck		1,795,000
Franchised public bus, double deck		2,464,000
Diesel light bus		708,000
Taxi		256,000

<sup>9</sup> The values are provided by the Transport Department and will be updated every year.

## **5. NOTES FOR RELEASE AND USE OF SUBSIDY**

### **5.1 Contractual Requirements**

After an application has been approved, the applicant, as the subsidy recipient, must sign an agreement with the Government and shall comply with all the agreement terms for receiving the subsidy from the Fund. Nothing in this Guide shall constitute a contract. No binding agreement will be made between the Government and a successful applicant until the agreement is duly executed by all parties thereto. This section summarizes some of the major conditions for the release and use of the approved subsidy.

### **5.2 Use of Subsidy**

The subsidy shall only be used for the purchase and installation of the innovative green products and its support system, or for transport conversion or retrofit as approved by the Director for his subsidy application. The subsidy shall not be used for any other purpose such as operation, repair and maintenance of these products and system. The subsidy recipient shall not sell or assign the subsidized product during the trial period without the consent of the Director.

### **5.3 Release of Subsidy**

The subsidy will be released on reimbursement basis (i.e. the subsidy recipient shall first settle payment before seeking reimbursement from the Fund) according to the following principles –

- (a) Any product not named in the approved application will not be reimbursed.
- (b) Actual subsidy of each subsidized product shall be based on the actual cost of the subsidized product and according to subsidy level in Section 3.5, and shall not exceed the approved subsidy of that subsidized product.
- (c) Total amount to be reimbursed to the subsidy recipient should not exceed the approved subsidy of the application.

- (d) If the approved subsidy is to cover the setting up of a support system such as charging stations, tranches may be released for interim payments. Otherwise, the subsidy shall be released after the subsidized product has been delivered, its compliance with the relevant statutory requirements has been established and the subsidized product is ready for use, and after the subsidy recipient has settled the payment of the subsidized product.
- (e) Subject to the conditions in (d) above, when the subsidy recipient has settled the payment of the subsidized product under trial, it may, via the Secretariat, request the Fund to release a percentage of the invoiced amount, which is set as the percentage of subsidized product's capital cost and installation cost subsidized by the Government.

The Secretariat will work with the subsidy recipient to form a subsidy release schedule based on these principles. Once the Secretariat has approved the paid invoice submitted by the subsidy recipient, the Government shall release the subsidy within 30 days.

#### **5.4 Cancellation of Trial and Return of Subsidy**

Under the following conditions and other conditions listed in the agreement, the Steering Committee will consider whether the trial should be cancelled -

- (a) the trial's commencement is two months behind the schedule approved by the Director;
- (b) the subsidy recipient is found to have received before or during the trial any funding - with the exception of the tax incentive from incentive schemes to encourage the use of electric vehicles and environment-friendly vehicles - from other Government sources, public bodies or charitable organizations for the same purpose;
- (c) any violation of the terms and conditions in the agreement, or
- (d) the subsidy recipient, its director, staff or its agent suffers prosecution under the Prevention of Bribery Ordinance (Cap. 201)) in respect of the procurement or trial of the subsidized product.

The Director may serve a notice to the subsidy recipient to require the subsidy recipient to remedy the failure within the timeframe as stated in the notice. If the subsidy recipient fails to remedy the failure within the timeframe specified in the notice, the Director may cancel the trial, and immediately cease to pay any subsidy to the subsidy recipient and require the subsidy recipient to return to the Government any subsidy already obtained from the Fund for the cancelled trial.

## **5.5 Procurement of Goods and Services**

If the subsidized product to be procured is a proprietary product<sup>10</sup>, the applicant should have indicated this on the application form during the funding application with full justification for choosing the product and an explanation on the reasonableness of the price of the product. Once the proprietary product is approved by the Director, change to another proprietary product is not allowed unless approved by the Director.

The subsidy recipient should ensure that the procurement of the subsidized product is carried out in an unbiased and fair manner, paying due attention in relation to the intellectual property rights of the subsidized product, and must comply with the following procedures unless the Steering Committee agrees otherwise -

- (a) For each procurement the aggregate value of which does not exceed HK\$50,000, quotations from at least two suppliers should be obtained (verbal quotation is acceptable for value below HK\$10,000 with proper documentation.).
- (b) For each procurement the aggregate value of which exceeds HK\$50,000, but does not exceed HK\$1,400,000, quotations from at least five suppliers should be obtained. If less than five suppliers could be identified on the market, this should be recorded on the procurement document.
- (c) For each procurement the aggregate value of which is more than HK\$1,400,000, open tendering should be used.
- (d) If there is only one sole supplier to supply the subsidized product to be procured, single quotation is allowed and this should be recorded on

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<sup>10</sup> The proprietary product may be a patentable product. For further information on patentable inventions, Please refer to sections 93 to 97 of the Patents Ordinance (Cap.514).

the procurement document, and the subsidy recipient shall inform the Secretariat.

- (e) For (a), (b) and (c) above, the subsidy recipient should select the lowest bid which complies with technical specification of the procurement. Justification should be given if the lowest bid is not selected. The subsidy recipient shall seek the consent from the Director before entering into an agreement with a supplier of the procurement. The Director may request the subsidy recipient to re-tender if the Director considers the procurement procedures are not appropriate.
- (f) The subsidy recipient shall keep all the procurement documents, including but not limited to quotations, tendering documents, bank statements, invoices and receipts for at least three years after the termination of the trial for inspection by the Director, the Director of Audit, the Commissioner of the Independent Commission Against Corruption, and their authorized representatives at all reasonable times during the continuation of the agreement and the abovementioned 3-year period.
- (g) The subsidy recipient shall ensure that its directors, staff and agents will not offer, solicit or accept any advantage (as defined in the Prevention of Bribery Ordinance (Cap. 201)) in connection with procurement.
- (h) The subsidy recipient shall notify the Secretariat immediately in writing when they themselves or any of their directors, employees, agents or contractors has any financial, professional, commercial, personal or other interests in the procurement.

The subsidy recipient shall not carry out fragmentation of orders or bids with the purpose or effect of avoiding the need to obtain quotations or abusing the procedures and practices to purchase the subsidized products as specified in this section.

If the cost of a purchased subsidized product is over HK\$10,000, the subsidy recipient shall make payment by cheque, bank transfer or credit card only.

## **5.6 Vehicle Insurance**

For any trial involving new vehicle(s) purchased with subsidy, the subsidy recipient must purchase insurance to cover the full market value of the new vehicle(s) for the first three years.

## **5.7 Premature Termination of Trial and Disposal of Subsidized Product**

The subsidy recipient is expected to continue using the subsidized product after the trial until the end of their usable life as far as it is economically feasible to do so. The subsidy recipient shall immediately notify the Secretariat in writing its decision to discontinue the use of the subsidized product.

If subsidy recipient intends to terminate the trial before expiry of the approved trial period for any reasons, it shall notify the Secretariat in writing with full justification. Upon receipt of the written notice, the Director may immediately cease to pay any subsidy to the subsidy recipient. Subject to the consent of the Director for the termination, the subsidy recipient shall follow the following arrangement on the disposal of the subsidized product –

(a) seek a third party in the same transport trade to carry out the trial for the remaining period and procure the third party to sign an agreement with the Government on the same terms and conditions as those provided in the agreement signed by the subsidy recipient with the Government.

(b) if no third party to take up the subsidy recipient's responsibility to carry out the trial for the remaining period, the subsidy recipient shall sell the subsidized product by public auction if it has resell value (such as vehicle or quick charger). After the auction, the subsidy recipient shall return part of the auction proceeds to the Government. The amount to be returned to the Government shall be equal to the subsidy recipient's net receipt from the auction (i.e. the winning bid price less auction house charges) multiplied by the percentage of product's capital cost subsidized by the Government.

(c) to ensure due process is followed, the subsidy recipient shall propose its choice of auctioneer for the Director's approval before it engages the auctioneer to sell the product. If the subsidized product has no resell value, subject to Director's agreement, the subsidy recipient may dispose it in ways it thinks fit.

For any decision of discontinuing use of the subsidized product or premature terminating the trial, the Director may disclose it to the public.

### **5.8 Restoration**

The subsidy recipient shall be solely responsible for all restoration costs for uninstalling any product or facility at any time.

### **5.9 Insurance Compensation**

If the subsidized product is damaged by accident, being stolen, or other causes which made the subsidized product not available to complete the trial or not operational, and the subsidy recipient receives insurance compensation for insured subsidized product arising during the trial period or in the first three years in case of a subsidized new vehicle, it shall reimburse the Government an amount that is equal to the compensation multiplied by the percentage of product's capital cost subsidized by the Government.

### **5.10 Independent Monitor and Verification**

The Director may appoint an independent third party (the assessor) to monitor the conduct of the trial and to verify its result. The subsidy recipient shall accept checking by the assessor, who will report to the Director on its findings. The subsidy recipient shall provide to the assessor the information requested within seven days of receiving such request.

The subsidy recipient shall keep and maintain all data and information which are related to or obtained from the trial in good conditions and shall take all reasonable precautions to prevent their loss, damage, deterioration or theft for six months after completion or termination of the trial.

During the trial period or after the completion of the trial, the subsidy recipient, upon the Director's request, shall provide the subsidized product, free of charge, for testing the emission performance of the subsidized product.

### **5.11 Use of Trial Information**

The ownership of the intellectual property rights subsisting in the compilations of the data and the processed data from the trial would be vested in the Government. The subsidy recipient also waives and will procure all authors the compilations of data, reports and/or other publications produced under the trial to waive all moral rights, and warrants that the use and the possession by the Director and his third parties (including the assessors) of these data or documents will not infringe the intellectual property rights of any party.

The subsidy recipient shall grant unconditionally and irrevocably to the Government the right to publish and share with any interested parties the trial results and findings, reports and other publications or publicity materials produced for the trial.

### **5.12 Indemnity**

The subsidy recipient shall fully indemnify the Government from and against all liabilities, claims, demands, account, costs and expenses, all legal actions, suits, and proceedings, all losses and damages whatsoever arising from or in connection with the subsidized product or the trial (including after the completion and termination of the trial).

### **5.13 Acknowledgement of Support**

The source of subsidy “Pilot Green Transport Fund” and the EPD logo must be acknowledged in all publicity material used by the subsidy recipient in respect of subsidized product during the trial.

### **5.14 Others**

For charging or similar support system, the subsidy recipient shall install an independent metering for each subsidized product to record fuel/energy consumption.

The subsidy recipient shall not receive any other subsidy during the Trial (except the tax incentive from incentive schemes to encourage the use of electric vehicles and environment-friendly vehicles) from other Government sources, public bodies or charitable organizations in relation to the subsidized product.

The Government and the Steering Committee shall bear no responsibility, financial or otherwise, for expenditure or other liabilities arising from its application and the trial. The applicant and the subsidy recipient shall bear all costs and expenses incurred or arisen from its application and the trial.

The Government may at any time, if it thinks fit, amend or add to the above conditions, without prior notice to the applicant or subsidy recipient.