

## NEW ENERGY TRANSPORT FUND

# Guide to Applications for Trial

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## 1. INTRODUCTION

The New Energy Transport Fund (the NET Fund, previously named the Pilot Green Transport Fund) is to encourage the transport sectors to try out green innovative transport technologies and wider use technologies that have been proved by the trials under the NET Fund to be relatively mature and suitable for local adoption but has not been commonly used for day-to-day operation in the relevant transport trade locally, with a view to improving roadside air quality and avert global climate change.

The NET Fund consists of two sections: Applications for Trial (AT) and Applications for Use (AU). Application under the original scope of the PGTF is categorised as AT. This Guide to Applications for Trial (the AT Guide) is to provide guidance and procedure on AT.

### 1.1 Purpose of the AT Guide

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

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

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

**Section 3 Guide to Application:** describes the eligibility criteria for the applicant and the green innovative transport 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 AT application form.

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

## 1.2 Operation of AT

AT is to support the testing of green innovative transport technologies applicable to commercial transport tools such as goods vehicles (including special purpose vehicles), taxis, light buses, buses, vessels, motorcycles, non-road vehicles (applicable to vehicle models approved by the Transport Department or the Airport Authority Hong Kong), or the aforesaid transport tools of charitable/non-profit making organizations<sup>1</sup> providing services to their clients, with a view to improving the air quality and/or reducing emission of greenhouse gases.

AT will only support a technology that stands a good chance of coping with the local operation demands and being adopted by the relevant transport sector should the trial be successful. The guiding principles for determining the eligibility of an AT application are as follows –

- (a) the fund will subsidize the capital cost of the hardware (including installation cost if applicable) of the green innovative technology 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 green innovative technology product should work on sound scientific principles. It should outperform its conventional counterpart by emitting significantly less air pollutant or greenhouse gas, or demonstrating much better fuel economy in the case of retrofit or add-on devices. However, regular upgrading of emission performance of conventional fossil fuel transport tools in accordance with the prevailing international standards (e.g. European standards) should not generally be qualified for application;
- (c) the technology of the green innovative technology product should not already be commonly or widely in use for day-to-day operation in the relevant transport sector locally;
- (d) the green innovative technology product should likely be affordable to the transport sector in respect of capital and operation costs;

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<sup>1</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).

- (e) the green innovative technology 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.;
- (f) the use of the green innovative technology 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 green innovative technology product under application shall neither be receiving nor have received funding<sup>2</sup> from other Government sources, public bodies or charitable organizations for the same purpose; and
- (h) AT is not to support research of green innovative transport technologies.

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

### **1.3 Administration**

AT is administered by the NET Fund Secretariat (the Secretariat) of the Environmental Protection Department (the EPD). The NET Fund Steering Committee (the Steering Committee, previously named the Pilot Green Transport Fund Steering Committee) has been formed to advise the EPD on the approval of funding for each application. The Steering Committee is chaired by a non-government official with members comprising representatives elected by the transport sectors, experts and academics in green innovative transport technologies, as well as representatives of relevant government departments.

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<sup>2</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**

An applicant has to fill out an AT application form attached to the AT Guide, which is available from –

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

Tel : 2824 0022  
Fax : 2838 2155  
E-mail : [netf@epd.gov.hk](mailto:netf@epd.gov.hk)

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

[https://www.epd.gov.hk/epd/english/environmentinhk/air/prob\\_solutions/new-energy-transport-fund.html#Application\\_for\\_the\\_Fund](https://www.epd.gov.hk/epd/english/environmentinhk/air/prob_solutions/new-energy-transport-fund.html#Application_for_the_Fund)

The completed application form and supporting documents should be submitted to the Secretariat via online, by post or by hand to the above address OR by e-mail to [netf@epd.gov.hk](mailto:netf@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 Application**

The application will be assessed by the EPD or a third party assessor appointed by the 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 one to two 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 Steering Committee generally holds meetings at a quarterly interval. The Secretariat will notify the applicant before the Steering Committee considers its application.

The Steering Committee will make its recommendation to the Director of the Environmental Protection Department (the Director) whether an application should 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 via electronic means 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 applications to the aforementioned 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. 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 innovative transport 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 AT applicant should be an existing transport operator based in Hong Kong (including cross-boundary transport) who –

- (a) operates commercial transport tools including goods vehicles (including special purpose vehicles), taxis, light buses, buses, vessels, motorcycles, non-road vehicles (applicable to vehicle models approved by the Transport Department or the Airport Authority Hong Kong), or the aforesaid transport tools of charitable/non-profit making organizations providing services to their clients;
- (b) has been in the relevant transport service for more than one year with supporting documents to show at least one-year ownership/use of the conventional counterpart of the green innovative technology product proposed for trial;
- (c) will likely remain in the service after the trial to bear fruit;
- (d) has the potential to put the new technology under test into wider use in its own operation upon successful trial;
- (e) has already installed or will apply to install its own charging station in the same application to support charging of the subsidised product if it is an electric or plug-in hybrid ones, unless it is exempted by the Government;
- (f) is willing to share with other operators the findings of the test of subsidised product;
- (g) is not receiving or has not received funding from other Government sources, public bodies or charitable organizations for the same purpose of the application, except the tax incentive schemes to encourage the use of electric vehicles and environment-friendly commercial vehicles;
- (h) is not a supplier or manufacturer of green innovative technology products proposed for trial, or its related companies.

The applications made by the AT Applicant and its related companies shall be considered as applications made by the AT Applicant. These applications will share

the same subsidy cap under the NET Fund. Related companies under the NET Fund are defined as:

- (i) a holding company (including individual) which directly owns more than 50% shares of the AT 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 AT applicant.

The AT applicant will be required to provide supplementary information on its director(s) or shareholder(s). For instance, if any of its director(s) or shareholder(s) is employed in other companies and whether such companies have applied or are applying NET Fund, etc.. This supplementary information will be considered by the Steering Committee in vetting the application.

### **3.2 Eligible Green Innovative Transport Technologies**

AT supports trial of green 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. However, regular upgrading of emission performance of conventional fossil fuel transport tools 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 sector locally;
- (d) is affordable to the transport sectors 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 roadworthiness, fire safety, etc. and can satisfy the approval requirements of the relevant regulatory authorities;
- (g) is not for research purpose; and
- (h) is not covered under the Applications for Use of the NET Fund.

The products to be subsidised for commercial transport may involve:

1. new energy vehicles or vessels such as electric vehicles or vessels, hybrid vehicles or vessels, plug-in hybrid vehicles or vessels, etc.;
2. after-treatment emission reduction devices applicable to vehicles or vessels such as diesel particulate filters, selective catalytic reduction devices, exhaust gas recirculation systems, wet scrubbers, etc.;
3. fuel saving devices applicable to vehicles or vessels; or
4. conversion of in-use conventional (e.g. petrol, diesel or liquefied petroleum gas) vehicles or vessels to new energy vehicles or vessels.

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

### **3.3 Trial Schedule**

The subsidized product should be tested 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. Subject to the Steering Committee's advice, the trial period will normally be 12 consecutive months depending on the technology involved. The applicant should propose a trial schedule with justification for consideration by the Secretariat. However, the Secretariat may recommend a different trial schedule if it thinks fit.

The commencement date of the trial should normally be within 12 months after the agreement of subsidy has been signed by the applicant. In general, the commencement date of the trial is the date upon which the subsidy recipient will 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, costs and downtime of scheduled and unscheduled maintenances, 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 meter 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 its conventional counterpart used for the same purpose during the trial period or other historical period as required by the Secretariat. The applicant shall agree with the Director on the type and form of data to be collected.

The subsidy recipient, upon the Government's request, shall make available the subsidized product free of charge for the testing of its emission performance during the trial period and after the completion of the trial.

### **3.5 Subsidy Level**

AT only subsidizes the capital cost of the hardware (including installation cost if applicable) of the green 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 out different technologies or to test products from different suppliers for the same technology under the same application to compare performance subject to the caps in Table 1. A transport operator is, however, subject to an upper limit of **\$12 million** in total subsidy. The AT cap cannot be combined with the subsidy cap of \$12 million for Applications for Use (AU) of the NET Fund, and vice versa.

**Table 1 – Subsidy levels and caps**

Green innovative technology product under AT		Subsidy level	Subsidy cap
(a) New Energy Transport Products (vehicles and vessels)			
(i) Subsidy per product	(i) Price premium between the new energy transport product and its conventional counterpart or 50% of the cost of the new energy transport product, whichever is higher		\$3 million per vehicle, \$10 million per vessel, and \$10 million per application
(ii) Related support system	(ii) 75% of the set-up cost		
(b) Conventional Transport Tools (diesel, petrol or liquefied petroleum gas vehicles and vessels)			
(i) After-treatment emission reduction device;	75% of the cost of after-treatment or fuel saving device including installation, or the		\$1.5 million per after-treatment or fuel saving device or conventional
(ii) Fuel saving device;	conversion cost of the		vehicle conversion,
(iii) Conversion of in-use conventional vehicle to new energy vehicle			\$3 million per engine or propulsion device of vessel, and
(iv) Engine retrofit or testing of new energy engine or propulsion device for conventional vessel	75% of new energy engine or propulsion device of vessel, including installation		\$10 million per application

As technology continues to develop, green innovative transport technology products other than the above categories may also be available for trial by the transport sector. Such applications will be considered on a case-by-case basis. Related subsidy levels and caps are the same as above.

### **3.6 Limits of Applications**

To encourage the industry to test out and adopt green innovative transport technologies by facilitating a reasonable number of operators in a specific transport sector to experience the first-hand use of such green innovative technology products, and to avoid mistaking AT as one that provides subsidy to operators in acquiring green innovative technology product, limits are set on the number of applications from a transport sector on a type of green innovative transport technology; and on the number of units of such green innovative technology 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 sector for which an application has been made, and effective sharing of the trial experience within the relevant transport sector. Consideration will also be given to the characteristics of the specific green innovative technology product, the operation modes of the transport sectors, 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 sector 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 sector to use the green innovative technology product.

Details of the above limits have been uploaded onto the EPD website.

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

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

### **4.1 General**

- (a) All sections of the AT 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 AT 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>3</sup> or each vessel class by the Marine Department<sup>4</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>3</sup> Vehicle classes include motorcycles, taxi, light buses, buses and goods vehicles (including special purpose vehicles).

<sup>4</sup> Vessel classes include Class I, II, III and IV as specified in the Merchant Shipping (Local Vessels) (Certificates and Licensing Matters) Regulation (Cap. 548D).

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/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 Innovative Technology 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 systems such as charging stations, the applicant should attach an installation plan to give an outline of the systems and a list of installation locations. Supporting document should be provided to prove that the applicant could install and use the support systems at the proposed locations.
- (c) The applicant should provide overseas retail/open market price of the technology product 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 or patented product only available from a single

supplier. For a proprietary product or patented 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 complying with all legal requirements.
- (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 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 AT application form. The subsidy amount is also subject to the cap of \$10 million per application and \$12 million for each applicant 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 shall list out all other applications submitted by the applicant and its Related Companies as defined in Section 3.1 of this Guide. If an applicant is a partnership, the applicant should provide information on other trial applications submitted to AT 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.

#### **4.4 Section C – Subsidy Calculation Tables**

The applicant should refer to the latest version of the AT Guide for the average values of conventional vehicles in calculating the price premium between a new energy vehicle and conventional vehicle. Table 2 shows the applicable average values of conventional vehicles.

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

<b>Vehicle Class</b>	<b>Permitted Gross Vehicle Weight [W] tonnes</b>	<b>2021<sup>5</sup> Average Value HK\$</b>
Motorcycle		60,200
Light goods vehicle (non-van type)	$1.9 < W \leq 5.5$	373,000
Light goods vehicle (van type)	$1.9 < W \leq 5.5$	329,000
Medium goods vehicle	$5.5 < W \leq 10$	469,000
	$10 < W \leq 13$	581,000
	$13 < W \leq 16$	699,000
	$16 < W \leq 24$	978,000
Heavy goods vehicle	$24 < W$	1,121,000
Non-franchised bus with 20 to 30 seats, single deck		798,000
Non-franchised bus with 31 seats and above, single deck		1,413,000
Non-franchised bus, double deck		2,908,000
Franchised public bus, single deck		1,795,000
Franchised public bus, double deck		2,729,000
Diesel light bus		893,000
Taxi		322,000

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<sup>5</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 AT subsidy from the NET Fund. Nothing in the AT 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 green innovative technology 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 purposes 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 AT subsidy) 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 NET 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 together with all the relevant supporting documents submitted by the subsidy recipient, the Government will 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 applied for and/or 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 are prosecuted 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 unpaid portions of the subsidy to the subsidy recipient and require the subsidy recipient to refund to the government all the subsidy already paid for the cancelled trial.

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

If the subsidized product to be procured is a proprietary product<sup>6</sup>, the applicant shall have indicated this on the AT 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 every purchase of subsidized product, the aggregate value of which does not exceed or equal to HK\$50,000, quotations from at least two suppliers should be obtained (verbal quotation is acceptable for value below or equal to HK\$10,000 with proper documentation).
- (b) For every purchase of subsidized product the aggregate value of which exceeds HK\$50,000, but does not exceed or equal to 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 shall be recorded on the procurement document.
- (c) For every purchase of subsidized product the aggregate value of which is more than HK\$1,400,000, open tendering process shall be used by the subsidy recipient.
- (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 the procurement document, and the subsidy recipient shall inform the

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<sup>6</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).

Government.

- (e) If the subsidised product is a new energy vehicle such as hybrid vehicle and electric vehicle, or involves a conversion of in-use conventional vehicle to new energy vehicle, the subsidy recipient shall in the tender document require the supplier of the subsidized product to (i) have maintenance and repair centre(s) in Hong Kong to provide maintenance and repair services for the subsidised product at the date of delivery of the subsidized product to the subsidy recipient; (ii) specify the warranty of the subsidized product, as well as the warranty of the batteries of the subsidized product and the level of state of charge (SoC) of the batteries that the supplier will replace these batteries free of charge, in the tender document; and (iii) collect and properly treat and/or dispose of the retired batteries of the subsidized product at the supplier's own cost in the event of battery replacement or disposal in accordance with the Waste Disposal (Chemical Waste) (General) Regulation (Cap. 354C).
- (f) If the subsidised product is a new energy vessel, such as hybrid vessel and electric vessel, or involves a conversion of in-use conventional vessel to new energy vessel, the subsidy recipient shall in the tender document require the supplier of the subsidized product to (i) specify the names and the locations of maintenance and repair centre(s) to provide maintenance and repair services for the subsidised product at the date of submission of tender document; (ii) provide warranty of the batteries of the subsidised product and the SoC level of the batteries that the supplier will replace these batteries free of charge; and (iii) collect and properly treat and/or dispose the retired batteries of the subsidized product at the supplier's own cost in the event of battery replacement or disposal in accordance with the Waste Disposal (Chemical Waste) (General) Regulation (Cap. 354C).
- (g) If the subsidised product is an after-treatment air pollutant emission reduction device or fuel saving device applicable to vehicle or vessel, the subsidy recipient shall in the tender document require the supplier of the subsidized product to (i) specify the names and the locations of maintenance and repair centre(s) to provide maintenance and repair services for the subsidised product at the date of submission of tender document; and (ii) specify the warranty of the subsidized product.

- (h) For (a), (b) and (c) above, the subsidy recipient should select the lowest bid which complies with technical specifications and requirements of the procurement. Justification shall 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 for the supply of subsidized product. The Director may request the subsidy recipient to re-tender if the Director considers the procurement procedures are not appropriate.
- (i) The subsidy recipient shall keep all the procurement documents, including but not limited to quotations, tender documents, bank statements, invoices and receipts for a period of no less than 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.
- (j) 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.
- (k) The subsidy recipient shall notify the Government 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 and its relevant service (such as installation) under consideration.
- (l) With the objectives of ensuring openness, fairness and value for money, the subsidy recipient shall ensure that subsidized product shall only be purchased from suppliers who are not Associates or Associated Persons of the recipient, unless with the written consent of the Government.

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)/vessel(s) purchased with subsidy, the subsidy recipient must purchase insurance to cover the full market value of the new vehicle(s)/vessel(s) for the first two years in no less than one month prior to the commencement date of the trial.

## **5.7 Early Termination of the 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 Government 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 Government 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 subsidized percentage of the subsidized product.

(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 proper ways, including the requirements in 5.5(e) and 5.5(f).

For any decision of discontinuing use of the subsidized product or early 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 subsidy recipient receives insurance compensation for an insured subsidized product due to: (a) damage caused by accident, (b) theft, or any other causes, and arising during the trial period or in the first two years in case of a subsidized new vehicle, rendering the subsidized product unable or not operational for the purpose of the trial, it shall forthwith return to the Government an amount that is equal to the compensation multiplied by the subsidized percentage of the subsidized product.

## **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 Government and the assessor the requested data, processed data, compilations of requested data and processed data for assessing the performance of the subsidized product (including but not limited to mileage reading of the subsidized product before refueling/charging (if applicable), fuel/electricity consumption records, time used for charging (if applicable), costs and downtime associated with scheduled and unscheduled maintenances, and any operational difficulties in using the subsidized product 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 one year 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 Intellectual Property Rights**

All the intellectual property rights subsisting in the compilations of the data and the processed data created pursuant to the trial would be vested in the Government.

The subsidy recipient shall waive and procure all authors of the compilations of data and the processed data created pursuant to the trial to waive all moral rights therein, and shall warrant that the use, operation or possession by the Government and its authorized users (including the assessors) of these data or documents will not infringe the intellectual property rights of any party.

The Government shall have 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, its authorized users, assigns, and successors-in-title 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 “New Energy 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 meter for each subsidized product to record fuel/energy consumption.

The subsidy recipient shall not and warrants that it will 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 the Government, 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.