



Funding Scheme to Trial of Hydrogen Fuel Cell Heavy Vehicles

Guide to Applicants

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0 INTERPRETATION

0.1 In this Guide to Applicants, the following words and expressions shall have the respective meaning assigned to them unless the context otherwise requires –

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| “Agreement” | means the agreement to be entered into between the Recipient Company and the Government pursuant to paragraph 3.1.1 of this Guide. |
| “Applicant” | means a company that has submitted an application under the Funding Scheme. |
| “Approved Funding” | means the funding approved by the Government for carrying out the Project as described in the Agreement. |
| “Associate” | in relation to a person means a company of which one or more director(s) is/are the same person(s) as one or more director(s) of that person. |
| “Associated Person” | <p>of a person means–</p> <ol style="list-style-type: none"> (1) any person who has Control, directly or indirectly over the second-mentioned person; or (2) any person who is Controlled, directly or indirectly, by the second-mentioned person; or (3) any person who is Controlled by, or has Control over a person mentioned in (1) or (2) above. |
| “Control”, “Controlled” | <ol style="list-style-type: none"> (1) means the power of a person, directly or indirectly (whether through one or more intermediaries or otherwise) to direct or influence or cause the direction or influence of the management, policies or affairs of another person in one or more of the following ways: <ol style="list-style-type: none"> (a) by means of the holding of shares or interests or the possession of voting power in or in relation to that or any other person; or (b) by virtue of powers conferred by any constitution, memorandum or articles of association, partnership, agreement or arrangement (whether legally enforceable or not) affecting that or any other person; or |

- (c) by virtue of holding office as a director in that or any other person; or
- (d) by any other means;

(2) “influence” for the purpose of this definition includes the holding of 30% or more of the shares or interests or the possession of 30% of the voting power in or in relation to any person referred to in (1) (a) immediately above.

“director” means any person occupying the position of a director by whatever name called and includes a de facto or shadow director;

“Funding Scheme” means the funding scheme to the trial of HFC Heavy Vehicle(s).

“HFC” means hydrogen fuel cell.

“HFF” means hydrogen filling facility, either a stationary one or one mounted onto one transportable skid as a skid mounted one, for hydrogen fuelled vehicle to refuel, which contains all key components from storage to compression and dispensing of hydrogen fuel.

“Heavy Vehicle” means a vehicle:

- (i) which is:
 - (a) a “bus” as defined in the Road Traffic Ordinance (Cap. 374);
 - (b) a “medium goods vehicle” as defined in the Road Traffic Ordinance (Cap. 374);
 - (c) a “heavy goods vehicle” as defined in the Road Traffic Ordinance (Cap. 374);
 - (d) a “special purpose vehicle” as defined in the Road Traffic Ordinance (Cap. 374);
 - (e) a “non-road mobile machinery” as defined in the Air Pollution Control (Non-road Mobile Machinery) (Emission) Regulation (Cap. 311Z) , except that it shall be powered by a hydrogen fuel cell instead of an internal combustion engine; or
 - (f) of a type approved by the Steering Committee ; and

(ii) with a gross vehicle weight greater than 5.5 tonnes.

“Government”	means the Government of the Hong Kong Special Administrative Region.
“Guide”	means this Guide to Applicants for the Funding Scheme.
“National Security Laws”	means all laws and legislation which are from time to time in force in or applicable to Hong Kong relating to the safeguarding of national security, including the Law of the People’s Republic of China on Safeguarding National Security in the Hong Kong Special Administrative Region as applied in Hong Kong under the Promulgation of National Law 2020 (L.N. 136 of 2020) and the Safeguarding National Security Ordinance (6 of 2024).
“NET Fund”	means the New Energy Transport Fund.
“NET Fund Secretariat”	means the Secretariat of the NET Fund.
“offence endangering national security”	has the meaning given to it under the Safeguarding National Security Ordinance (6 of 2024).
“Offending Conduct”	means any act or activity that: (a) constitutes or causes the occurrence of an offence endangering national security; (b) in the reasonable opinion of the Government, is likely to constitute or cause the occurrence of any offence endangering national security; or (c) in the reasonable opinion of the Government, is otherwise contrary to the interest of national security.
“Project”	means a trial of HFC Heavy Vehicle(s) to be carried out by the Recipient Company in accordance with the Agreement.
“Project Commencement Date”	means the commencement date of the Project as specified in the Agreement.
“Project Completion Date”	means the completion date of the Project as specified in the Agreement.

“Project Period”	means the period commencing on Project Commencement Date and ending on the Project Completion Date (both dates inclusive).
“Project Proposal”	means a proposal with details of the Project submitted by the Applicant.
“Recipient Company”	means an Applicant the application of which under the Funding Scheme is successful.
“Related Company”	in relation to a company, means (i) a holding company which directly owns more than 50% of the share capital of that company, (ii) a company, of which more than 50% of the share capital is directly owned by the holding company referred to in (i); and (iii) a company of which more than 50% of the share capital is directly owned by that company.
“Steering Committee”	means the Steering Committee of the NET Fund.
“subsidised percentage”	means the percentage of the amount of the subsidy received by the Recipient Company under the Funding Scheme in respect of the subsidised item over the price of the subsidised item (where the subsidised item is a HFF, including the installation cost and construction cost of the HFF) paid by the Recipient Company.

- 0.2 For the avoidance of doubt, in this Guide, each of the expressions “engage” and “involve”, and its variants includes but is not limited to the act of aiding, abetting, counselling and procuring a matter.

1 INTRODUCTION

The NET Fund has introduced a new subsidy scheme for the trial of hydrogen fuel cell (HFC) Heavy Vehicles to promote the transformation to green transport. The scheme subsidises the costs associated with the trial projects such as the procurement of HFC Heavy Vehicles, hydrogen fuel expenses and refilling facilities. Data will be collected during the trial to evaluate the operational performance of HFC Heavy Vehicles as compared with its conventional counterpart or electric vehicles in local applications, to accumulate testing data and experience, and to guide Hong Kong towards the target of zero vehicular emissions before 2050 along the direction of the Strategy of Hydrogen Development in Hong Kong.

1.1 *Purpose of this Guide*

- 1.1.1 This Guide provides guidance on the application for the Funding Scheme and sets out the requirements for and responsibilities of the Recipient Company. The Government reserves the right, without prior consultation or notice, to review and revise this Guide, at any time and from time to time as it may deem necessary in order to ensure that the objectives of the Funding Scheme will be properly achieved.

1.2 *Objectives of the Funding Scheme*

- 1.2.1 There is a global drive to identify and develop different zero-carbon technologies in order to achieve the target of carbon neutrality. New energy, in particular hydrogen energy, is an attractive alternative to conventional fossil fuel.
- 1.2.2 With a view to promoting the adoption of new energy transport technologies, so as to guide Hong Kong towards zero vehicular emissions before 2050, the Chief Executive's 2022 Policy Address mentioned to progressively commence trials of HFC double-deck buses and heavy vehicles in 2023. The Government also published the Strategy of Hydrogen Development in Hong Kong in June 2024 to prepare Hong Kong for the wider application of hydrogen energy in the future and signifies the Government's unrelenting efforts to lead Hong Kong towards carbon neutrality.
- 1.2.3 To keep pace with the development trend of hydrogen fuel adoption, the Inter-departmental Working Group on Using Hydrogen as Fuel (the Working Group)'s first key task is to progressively commence the aforementioned trials of HFC Heavy Vehicles. It will also review and assess applications of trial projects, and advise on aspects such as safety and planning, in order to aid the relevant trades to commence their trials early.

1.3 *Who can apply?*

- 1.3.1 The Applicant must be a limited or unlimited company incorporated in Hong Kong under the Companies Ordinance (Cap. 622) or a limited or unlimited company incorporated under a former Companies Ordinance as defined by section 2(1) of the Companies Ordinance (Cap. 622). They must carry on a business in respect of which a valid business registration certificate has been issued under the Business Registration Ordinance (Cap. 310). Applications submitted by individuals will not be accepted.
- 1.3.2 The Applicant has to test out HFC Heavy Vehicles and collect data to compare their performance with their conventional and/or battery electric counterpart.
- 1.3.3 Recipient Company will only enter into the Agreement with the Government for one project at one time. If an applicant has entered into the Agreement with the Government under the Funding Scheme, other applications from the applicant under the Funding Scheme, if any, will be rejected and no more application from the applicant will be accepted. For the purposes of this paragraph, an application made by an Applicant's Associates, Associated Persons or Related Companies shall be considered as applications made by the Applicant.

1.4 *Funding Scope, Amount and Project Duration*

- 1.4.1 The Funding Scheme will only subsidise the costs associated with the Project including (i) the procurement of HFC Heavy Vehicle(s); (ii) procurement, construction and installation of the HFF; and (iii) the expenses on hydrogen fuel for the Project within the Project Period.
- 1.4.2 The Applicant may propose to try out different technologies or to test products from different suppliers for the same technology under an application submitted under the Funding Scheme to compare their performance. The Approved Funding is subject to the maximum subsidy levels and subsidy caps as tabulated in Table 1 below. The maximum Approved Funding for a Project is subject to an upper limit of **\$10 million**:

Table 1 Subsidy levels and subsidy caps

Items subsidised under the Funding Scheme	Maximum Subsidy level	Subsidy cap
(i) HFC Heavy Vehicles	70% of the price premium between the price of the HFC Heavy Vehicle (including first registration tax, if any) and the average value of its conventional counterpart (with the first registration tax, if any, included) calculated in accordance with paragraph 1.4.3 below	Unless with special reason approved by the Government, each application can only apply funding for not more than 2 Heavy Vehicles of the same type
(ii) Hydrogen fuel for HFC Heavy Vehicles	80% of the cost of the hydrogen fuel for HFC Heavy Vehicles used over the Project Period (subject to the subsidy cap in the 3 rd column)	\$0.6 million per Heavy Vehicle
(iii) HFF	50% of the total cost for procurement, construction and installation of the HFF (subject to the subsidy cap in the 3 rd column)	\$5 million

- 1.4.3 The Applicant should adopt the latest average values of conventional vehicles (including first registration tax, if any), which is (i) the figure shown on the NET Fund website¹ for reference, or (ii) where such figure is not so specified, a figure supported by 2 quotations from suppliers on the conventional counterparts with similar specification of the HFC Heavy Vehicles to be used under the subsidy application, in calculating the price premium between a HFC Heavy Vehicle and its conventional counterpart, at the time of submitting application. The subsidy amount for the HFC Heavy Vehicle will be determined by the Government, making reference to the Steering Committee's assessment and recommendation for the Government's decision.

¹ NET Fund website (<https://www.eeb.gov.hk/en/Netfund/h2trial.html>)

- 1.4.4 The Project Period will be no more than 24 months, commencing on the Project Commencement Date and ending on the Project Completion Date. The subsidised HFC Heavy Vehicle(s) and/or HFF 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. Therefore, during the Project Period, there shall be at least 12 months for operation data² collection, unless otherwise agreed by the Steering Committee or the Government.
- 1.4.5 The Project Period of the HFC Heavy Vehicles shall commence within twelve months from the date of execution of the Agreement.
- 1.4.6 After the Project Completion Date, the Recipient Company shall retain the ownership of the subsidised HFC Heavy Vehicle(s) and/or the subsidised HFF and maintain operation of the same for three more years for collecting data.

2 APPLICATION

2.1 *Submission of Applications*

- 2.1.1 Applications are invited from 19 December 2024 and open all year around under the Funding Scheme. Applications will be reviewed and assessed by the Steering Committee. Details of invitation of applications can be found on the NET Fund website (<https://www.eeb.gov.hk/en/new-energy-transport-fund.html>).
- 2.1.2 Completed application form together with the Project Proposal, based on the framework as provided in Appendix 1, and copies of the required documents, as set out in Part D of the application form, should be submitted by the following means:

(a) by post or by hand to:

New Energy Transport Fund Secretariat
 Environment and Ecology Bureau (Environment Branch)
 33/F, Revenue Tower, 5 Gloucester Road,
 Wan Chai, Hong Kong
 with "Trial of Hydrogen Fuel Cell Heavy Vehicles" and [Project Title] marked on the envelope

Or (b) by email to netf@eeb.gov.hk, with email title starting with "Trial of Hydrogen Fuel Cell Heavy Vehicles" and [Project Title]

² Operation data includes but are not limited to fuel consumption, fuel costs and downtime due to scheduled and unscheduled maintenances, and any other relevant data on a daily basis, as well as operation data of HFF involved in the Project.

(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. The NET Fund Secretariat will acknowledge receipt of the application in writing within 5 working days upon receipt of the application submitted either by post, by hand or by email.)

- 2.1.3 The NET Fund Secretariat reserves the right to require the Applicant to produce the originals of any supporting documents for verification, and to require the Applicant to provide clarification and submit supplementary information where necessary by a specified deadline. Except for clarification or supplementary information provided in response to the request of the NET Fund Secretariat, or the further information as requested by the Steering Committee or the Government, supplementary information provided after the submission of applications, or not specifically referred to in the Applicant's application form, will NOT be considered and will NOT form part of the application.

2.2 *Assessment of Applications*

- 2.2.1 Upon receipt of an application, the NET Fund Secretariat will conduct a preliminary check and may seek clarification or supplementary information from the Applicant. If the Applicant fails to respond to the NET Fund Secretariat's request for clarification or supplementary information within 2 weeks from the date of the request or by the deadline otherwise specified by the NET Fund Secretariat, it will be deemed that the Applicant has no intention to proceed with the application and the application will not be processed further. Applications with all supplementary information submitted (if any) will be consolidated and submitted to the Steering Committee for their consideration.
- 2.2.2 The Applicant shall ensure, to the best of its knowledge and belief, the information and supporting documents provided to the Government in connection with the Applicant's application, are true, up-to-date, accurate and complete in all respects. The Applicant shall also ensure that it has not withheld, and is not aware of, any material facts or circumstances that have not been disclosed to the Government which might influence the assessment of its application or the decision of the Government in considering whether or not to approve its application.
- 2.2.3 The Steering Committee, 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, will make its recommendation to the Government on whether an application should be approved or rejected, or whether any further information is required from the Applicant. The Government will take into account the Steering Committee's recommendation when making a decision on whether to accept or reject the application.

- 2.2.4 The Steering Committee and the Government may require further information to be provided by an Applicant. The Applicant and its project team members may also be required to attend meetings to present their Project to, and answer queries from, the Steering Committee, the NET Fund Secretariat or the Government. If the Applicant fails to provide further information required by the Steering Committee or the Government within the time specified by the Steering Committee or the Government, or fails to attend the meetings as required under this paragraph, the Government may reject the application.
- 2.2.5 After a decision has been made by the Government on whether to accept or reject the application, the Applicant will be notified of the result of the application in writing. Withdrawal of an application may be made by the Applicant in writing to the NET Fund Secretariat before the Agreement is signed.
- 2.2.6 The Government is not bound to accept any applications, and reserves the right to reject any application at its own discretion without giving any reasons. There is no appeal mechanism for decisions in relation to any application.

2.3 *Assessment Criteria*

- 2.3.1 The Steering Committee will vet the applications based on individual merits, and consider the priorities of the applications in granting the funding. If an application is recommended for Government's consideration and approval, the Steering Committee will recommend to the Government a subsidy amount and, if any, the terms and conditions for approval of the application.
- 2.3.2 The criteria for assessing an application are set out below.

Components	Weighting
Potential Contributions to Facilitate Use of Hydrogen Energy in Transport Sector in Hong Kong	30%
Technical and Management Capability	35%
Financial Considerations	35%

- 2.3.3 The criteria have been developed to achieve the following purposes –
- (a) to encourage and support Projects with greater prospect of realisation and commercialisation of hydrogen technologies that can expedite zero vehicular emissions in Hong Kong in line with the Government's policy;
 - (b) to facilitate the development, trial and fine-tuning of hydrogen technologies, to build up reference for subsequent marketing, and to encourage wider

adoption of such technologies; and

- (c) to motivate and attract more investment in developing the use of hydrogen energy in the transport sector in Hong Kong.

2.3.4 The funding priority of the applications will be given according to the overall marks given to the applications. The overall mark of an application will be calculated based on the criteria and weighting as stipulated in paragraph 2.3.2. An application is required to attain a passing mark of 50% on each criterion. The Steering Committee will not recommend an application which fails to attain the passing mark to the Government for consideration.

2.3.5 The NET Fund Secretariat will post a summary of the approved applications on the NET Fund website.

2.4 *Avoidance of Conflict of Interests*

2.4.1 To avoid conflict of interests, members of the Steering Committee who are directly or indirectly related to a proposed Project or to an Applicant shall declare the relationship to the Steering Committee. Moreover, members who are themselves part of the project team of an Applicant, or have a close relationship with an Applicant, or have any other direct personal interest in the proposed Project should declare interest and should not be involved in the assessment of the application and the monitoring of the progress of the Project in respect of which he/she is required to declare interest if the application is approved.

2.4.2 Unless otherwise provided in this Guide, the Applicant and its project team shall refrain from communicating with members of the Steering Committee on the application submitted, lest doing so would exert influence on the members in the process of assessing the application.

2.5 *National Security*

2.5.1 The Applicant represents, warrants and undertakes that:

- (a) the Applicant shall comply with, and shall ensure that each of its directors, officers, employees and agents, and sub-contractors who are involved in any way in the Project (“Sub-contractors”) shall comply with the National Security Laws;
- (b) neither the Applicant itself nor any of its directors, officers, employees, agents and Sub-contractors, has performed or engaged in, or has been involved in, any act or activity which is an Offending Conduct; and

- (c) neither the Applicant itself nor any of its directors, officers, employees, agents and Sub-contractors will engage or be involved in any Offending Conduct.

2.5.2 Notwithstanding anything in this Guide, the Government has the right to reject an application and to withdraw any approval granted to an Applicant, if in the reasonable opinion of the Government:

- (a) the Applicant, any member of project team or any director, officer, employee, agent or Sub-contractor of the Applicant has engaged in or otherwise been involved in, or is engaging in or is being involved in, any Offending Conduct;
- (b) it is or would be contrary to the interests of national security to grant any funding to the Applicant under the NET Fund; or
- (c) the rejection of application or withdrawal of approval is necessary to protect the public interest (including public morals, public order or public safety) of Hong Kong.

3 AGREEMENT

3.1 *Agreement*

- 3.1.1 After an application has been approved by the Government, the Recipient Company shall enter into the Agreement with the Government before commencing the Project, and shall comply with all the terms and conditions therein, including but not be limited to those relating to monitoring the Project progress, the submission of reports and release and use of the Approved Funding.
- 3.1.2 Nothing in this Guide shall constitute an agreement. No binding agreement will be made between the Government and a successful Applicant until the Agreement is duly executed by all parties thereto.

3.2 *Change Requests*

- 3.2.1 An approved Project is required to be carried out by the Recipient Company strictly in accordance with the final Project Proposal appended to the Agreement. Save as provided in paragraph 3.2.2 below, any modification, amendment or addition to the Project or the Agreement, including change of the Project Commencement Date, Project Completion Date, project coordinator, key equipment, scope or methodology covered in the Project Proposal, will require prior approval by the Government. The project coordinator should inform the NET Fund Secretariat in advance by submitting a change request in writing. The Steering Committee will be consulted on the proposed changes if the NET Fund Secretariat considers it

necessary to do so.

- 3.2.2 The Government's prior approval is necessary for any deviation of expenditure that **exceeds** the original budget. The NET Fund Secretariat will consult the Steering Committee on the proposed deviations if the NET Fund Secretariat considers it necessary to do so.
- 3.2.3 All deviations of expenditure from the final Project Proposal appended to the Agreement and the reasons for such deviations shall be reported in the progress report(s) and/or final report to be submitted by the Recipient Company in accordance with section 6 below, regardless of whether prior approval from the Government is required.

4 PROJECT EXPENDITURE

4.1 *Approved Funding*

- 4.1.1 The expenditure to be reimbursed by the Approved Funding must be incurred during the period between the date of execution of the Agreement and the Project Completion Date. All expenses and procurement shall follow the procedures and guidelines in section 7 of this Guide. Only sponsorship from funding sources that would not bring the Government into disrepute or give rise to any actual or perceived conflict of interest may be accepted by the Recipient Company. Except the tax incentive schemes to encourage the use of environment-friendly commercial vehicles, any expenditure or part thereof which is already funded by the Government, a government subvented organisation, a university or another concurrent project subsidised under the Funding Scheme will not be reimbursed by funding from the Funding Scheme, i.e. no double subsidy is allowed for the same part of an expenditure item.

4.2 *Procurement of HFC Heavy Vehicle(s) and/or HFF*

- 4.2.1 The procurement of the HFC Heavy Vehicle(s) and HFF (if any) specifically for carrying out the Project and reimbursed by the Approved Funding shall be made in accordance with the Agreement.
- 4.2.2 The cost of the existing HFC Heavy Vehicle(s) and/or HFF owned by the Recipient Company, its Associates, Associated Persons or Related Companies before the submission of the application will not be subsidised under the Funding Scheme.
- 4.2.3 The title to the HFC Heavy Vehicle(s) and/or HFF procured for the Project and reimbursed by the Approved Funding will be held by the Recipient Company. The Recipient Company shall **NOT** sell or assign the ownership of the HFC Heavy

Vehicle(s) and/or HFF procured for the Project and reimbursed by the Approved Funding to any of its Associates, Associated Person or Related Companies at any time, unless Government's approval has been sought.

4.3 *Construction and Installation Cost of HFF*

- 4.3.1 The cost of construction and installation of HFF specifically for carrying out the Project and reimbursed by the Approved Funding shall be made in accordance with the Agreement.
- 4.3.2 The cost to provide structural reinforcement to a building, erect a new structure, modify existing structure, or conduct any other construction activities, that are directly related and essential to the setup of HFF for the Project, without which the Project cannot be commenced, can be reimbursed from the Approved Funding. The Applicant shall provide justification to the Government on how the proposed activity is directly related and essential to the setup of HFF for the Project without which the Project cannot be commenced and obtain the Government's approval for reimbursement of the cost of such activity.
- 4.3.3 Construction and/or installation costs of HFF to be reimbursed should be covered in the procurement costs of HFF. Quotation document of the construction and/or installation costs of HFF with item breakdown shall be submitted by the Applicant for calculating the subsidy amount when submitting the application. Only construction and/or installation costs of HFF supported by invoice with item breakdown and payment receipt will be reimbursed by the Approved Funding. The Applicant shall provide justification if extra costs which are different from the quotation document will be incurred for such activities and obtain the Government's approval for including such extra costs in the construction and/or installation costs of HFF to be reimbursed.

4.4 *Hydrogen Fuel*

- 4.4.1 The reimbursement of the expenses on hydrogen fuel for HFC Heavy Vehicle(s) specifically for carrying out the Project and incurred during Project Period shall be made in accordance with the Agreement.
- 4.4.2 The Applicant shall provide the estimated hydrogen fuel expense for the subsidy amount calculation when submitting the application, and the hydrogen fuel expense will be reimbursed under the Approved Funding in accordance with the Agreement. Only hydrogen fuel costs as supported by receipt will be subsidised. Operating cost of the HFF subsidised under the Funding Scheme is not considered as part of the hydrogen fuel expense and will not be subsidised.

5 DISBURSEMENT OF APPROVED FUNDING

5.1 *Disbursement Arrangement*

5.1.1 Disbursement of the Approved Funding for the (i) HFC Heavy Vehicle(s) and (ii) the HFF (if any) will be made respectively by two instalments each when the following conditions are met. If the Recipient Company fails to comply with the conditions, the Approved Funding will only be disbursed in accordance with the Agreement:

(a) The first instalment of the Approved Funding for the HFC Heavy Vehicle(s) / the HFF (if any) (which amounts to 75% of the Approved Funding for the HFC Heavy Vehicle(s) / the HFF (if any)) shall be released when (i) the HFC Heavy Vehicle(s) has/have been delivered or the construction / installation for the HFF (if any) is completed, (ii) the relevant Government department has confirmed that the HFC Heavy Vehicle(s) / the HFF (if any) complies/comply with the relevant statutory requirements and relevant Code of Practices issued by Electrical and Mechanical Services Department³ and (iii) the HFC Heavy Vehicle(s) has/have been operated / the HFF (if any) has supported the trial of the HFC Heavy Vehicles, to the satisfaction of the Government for three months.

(b) The second instalment of the Approved Funding for the HFC Heavy Vehicle(s)/the HFF (if any) (which amounts to 25% of the Approved Funding for the HFC Heavy Vehicle(s) / the HFF (if any)) shall be released after the end of three years from the Project Completion Date, provided that the Recipient Company has submitted all three post-trial annual reports as mentioned under paragraph 6.3.1 below to the Government's satisfaction.

5.1.2 The Approved Funding for covering the expenses on hydrogen fuel for the Project Period shall be released on a half-yearly basis upon the submission of half-yearly progress reports by the Recipient Company to the Government's satisfaction. The Recipient Company must submit the documentations of the relevant receipts and the usage data of the hydrogen fuel of the HFC Heavy Vehicle(s) for the assessment of the amount of the Approved Funding to be reimbursed.

5.1.3 The amount of the actual subsidy for each subsidised item shall be based on the actual cost of the subsidised item and shall not be more than the subsidy level as

³ The Code of Practices can be obtained via the thematic website of the Inter-departmental Working Group on Using Hydrogen as Fuel

<https://cnsd.gov.hk/en/inter-departmental-working-group-on-using-hydrogen-as-fuel/>

stipulated in paragraph 1.4.2, and shall not exceed the approved amount of the subsidy of that subsidised item as stipulated in the Agreement.

5.1.4 Total amount to be reimbursed to the Recipient Company should not exceed the Approved Funding as stipulated in the Agreement.

5.1.5 The Recipient Company shall provide to the Government all receipts and relevant supporting documents in respect of payments to be reimbursed by the Government.

5.2 *Termination of Agreement*

5.2.1 The Government may terminate the Agreement at any time in accordance with the Agreement on grounds including but not limited to the failure of the Recipient Company to carry out the Project in accordance with the Project Proposal, or to meet the conditions set out in paragraph 5.1.1 of this Guide.

5.2.2 Notwithstanding anything in the Agreement, the Government shall be entitled to terminate the Agreement with immediate effect if the Government is of the reasonable opinion that:

- (a) the Recipient Company, any member of Project team or any director, officer, employee, agent or Sub-contractor of the Recipient Company has engaged in or otherwise been involved in, or is engaging in or is being involved in, any Offending Conduct;
- (b) the continued performance of the Agreement is contrary to the interest of national security; or
- (c) it is in public interest (including interest in protecting public morals, public order or public safety) of Hong Kong that the Agreement be terminated.

5.2.3 The Government may serve a notice to the Recipient Company to require the Recipient Company to remedy any rectifiable failure within the timeframe as stated in the notice. If the Recipient Company fails to remedy the failure within the timeframe specified in the notice, the Government may terminate the Agreement by notice of termination of the Agreement.

5.2.4 Upon termination of the Agreement, the Government shall forthwith cease to make disbursement of the whole of or any part of the Approved Funding to the Recipient Company.

5.2.5 Without prejudice to any other provisions of the Agreement, if the Agreement is terminated due to the occurrence of any of the events stated in paragraph 5.2.1 and paragraph 5.2.2 above, the Applicant shall return immediately to the Government on the latter's demand all or part of the NET Fund as required by the Government.

- 5.2.6 Termination of the Agreement shall not prejudice:
- (a) any rights or claims which have accrued to the Government prior to such termination; and
 - (b) any provision of the Agreement which is required by the context or is otherwise expressed to continue in force and effect notwithstanding the termination of the Agreement.
- 5.2.7 The Government shall not be liable for any claim, legal proceeding, liability, loss, damages, cost or expense, suffered or incurred by the Recipient Company arising from or in relation to a termination of the Agreement.
- 5.2.8 If the Recipient Company intends to terminate the trial of the HFC Heavy Vehicles before expiry of the approved Project Period for any reasons, it shall notify the Government in writing with full justification at least 1 month before the intended date of the termination of the trial. Upon receipt of the written notice, the Government may immediately cease to pay any subsidy to the Recipient Company. Subject to the consent of the Government for the termination, the Recipient Company shall follow the following arrangement on the disposal of the subsidised item(s) –
- (a) seek a third party who meet all eligibility requirements as stipulated in section 1.3 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 Recipient Company with the Government, subject to any change as the Government considers it appropriate.
 - (b) if there is no such third party to take up the Recipient Company's responsibility to carry out the Project for the remaining period, the Recipient Company shall sell the subsidised item(s) by public auction if such subsidised item has resell value (such as vehicles) as decided by the Government. After the auction, the Recipient Company shall return part of the auction proceeds to the Government. The amount to be returned to the Government shall be equal to the Recipient Company's net receipt from the auction (i.e. the winning bid price less auction house charges) multiplied by the subsidised percentage of the subsidised item.
 - (c) to ensure due process is followed, the Recipient Company shall propose its choice of auctioneer for the Government's approval before it engages the auctioneer to sell the subsidised item. If the subsidised item(s) has no resell value as decided by the Government, subject to the Government's agreement, the Recipient Company may dispose of it in proper ways.
- 5.2.9 If there is any sale or assignment of ownership of the subsidised item(s) or a change

of at least 50% of shares of the Recipient Company within three years after expiration of the Project Period, the Recipient Company shall return the total subsidy amount to the Government.

6 PROJECT MONITORING

6.1 Project Coordinator

- 6.1.1 The Recipient Company shall assign a project coordinator acting as a single contact point for overseeing the Project, monitoring project expenditure, ensuring the proper usage of the Approved Funding in accordance with the Agreement and other guidelines and instructions set for the Project, liaising with and answering all enquiries/requests raised by the NET Fund Secretariat and the Steering Committee on all aspects of the Project and attending progress meetings on the Project.

6.2 Progress and Final Reports

- 6.2.1 The Recipient Company shall submit the trial data during the Project Period, as elaborated in section 6.2.2 below, to the Government according to the reporting schedule as set out in the Agreement to monitor and assess the results of the Project. It is also required to submit for approval (a) half-yearly progress report(s) according to the reporting schedule as set out in the Agreement or any revised reporting schedule(s) as specified by the Government and (b) a final report within four months from the Project Completion Date (or in the case of early termination of the Agreement for whatever reason, from the date of the termination of the Agreement).
- 6.2.2 All half-yearly progress reports and final reports should be prepared in a standard format as agreed by the Government, which shall cover trial data of the HFC Heavy Vehicle(s) during the Project Period including but not be limited to fuel consumption, fuel costs and downtime of scheduled and unscheduled maintenances, and any other relevant data on a daily basis, as well as operation data of the HFF involved in the Project, for evaluating and comparing the performance of the subsidised item(s) being tested with its conventional counterpart used for the same purpose during the Project Period or other historical period as required by the Government.
- 6.2.3 If the Recipient Company encounters difficulties and an extension of the deadline for report submission is required, it should seek prior approval from the NET Fund Secretariat.
- 6.2.4 Upon receipt of the final report, the NET Fund Secretariat will assess the effectiveness of the Project by comparing the project results against its original objectives and targets (both technical and financial) as set out in the Project

Proposal appended to the Agreement. Upon the NET Fund Secretariat's request, the Recipient Company is required to provide clarification and/or supplementary information to substantiate the content of the report within the period specified in the request, and/or present to the Government or Steering Committee the results of the Project.

- 6.2.5 The Government shall have the right to publish and disclose to any parties the trial data, results, findings and reports relating to the Project, and other publications and publicity materials produced for the Project at any time.
- 6.2.6 The Recipient Company shall keep and maintain all data and information which are related to or obtained from the Project in good conditions and shall take all reasonable precautions to prevent their loss, damage, deterioration or theft for three years after the Project Completion Date or termination of the Agreement.
- 6.2.7 The Recipient Company shall notify the Government of any change in the Recipient Company's and the project coordinator's contact information, including but not limited to the address, telephone number or email address.

6.3 *Continuous Use of Subsidised HFC Heavy Vehicle(s) and/or HFF*

- 6.3.1 In the three years after the Project Completion Date, the Recipient Company shall submit three post-trial annual reports to the NET Fund Secretariat to report the usage of the HFC Heavy Vehicle(s) and/or HFF subsidised under the Funding Scheme.
- 6.3.2 The Recipient Company is expected to continue using the subsidised HFC Heavy Vehicle(s) and/or HFF after the Project until the end of their usable life as far as it is economically feasible. The Recipient Company shall immediately notify the NET Fund Secretariat in writing its decision to discontinue the use of the subsidised HFC Heavy Vehicle(s) and/or HFF; or to sell or assign the ownership of the subsidised HFC Heavy Vehicle(s) and/or HFF to any third party, and seek NET Fund Secretariat's approval. A clause to such effect in the Agreement shall survive the completion of the Agreement and shall continue in full force and effect notwithstanding the completion of the Agreement. Any sale or assignment of ownership of the subsidised item(s) within three years after the expiration of the Project Period will be subject to paragraph 5.2.9 above.

7 **PROCUREMENT**

7.1 *Procurement Requirement*

- 7.1.1 The Recipient Company shall adhere to the principles of openness, fairness and value for money in the procurement for all equipment, goods and services of any value, and comply with the following procedures –

Aggregated value of each procurement	Requirement
HK\$50,000 and below	Written quotations from at least two suppliers
Above HK\$50,000 to HK\$1,360,000	Written quotations from at least five suppliers with due consideration to adopt a two-envelop approach which includes technical proposal and fee proposal
Above HK\$1,360,000	Open tender with due consideration to adopt a two-envelop approach which includes technical proposal and fee proposal

- 7.1.2 In the case where it is not possible for an Applicant to follow the procurement requirements set out in paragraph 7.1.1 above when procuring equipment, goods or services of any value due to the fact that there is only sole agent or supplier of equipment, goods or services, or limited suppliers of equipment, goods or services in the market, the Applicant shall include in the application form the details of the proposed procurement, justifications for not following the procurement requirements set out in paragraph 7.1.1 above and the particulars of the company(ies)/organisation(s)/individual(s) which may provide equipment, goods or services for the purpose of the Project and the relationship between that company(ies)/organisation(s)/individual(s) and the Applicant, if any. The Government may disapprove such procurement in the absence of sufficient justifications, and may request the Applicant to submit a revised proposal for procurement within a period specified in the request, failure of which the Applicant's application would be rejected.
- 7.1.3 In cases where an Applicant **intends** to procure equipment, goods or services of any value from its Associates, Associated Persons or Related Companies which is a sole agent or supplier, or one of the limited suppliers, of equipment, goods or services in the market, the Applicant shall include in the application form: (i) the details of the proposed procurement; (ii) justifications for involving the Associates, Associated Persons or Related Companies in the procurement process; (iii) organisation chart(s) showing the relationship between the Applicant and the said Associates, Associated Persons or Related Companies of the Applicant; and (iv) the particulars of the said Associates, Associated Persons or Related Companies of the

Applicant.

- 7.1.4 In cases where an Applicant could not reasonably foresee the need to provide information in accordance with paragraphs 7.1.2 and 7.1.3 above at the time of the submission of the application form, the Applicant shall submit the information in paragraphs 7.1.2 and 7.1.3 above as soon as possible, and if the Applicant's application is successful, seek approval for not following the procurement requirements set out in paragraph 7.1.1 above from the Government as soon as reasonably practicable and prior to the issuance of the concerned procurement invitation(s).
- 7.1.5 The procurement specification requirements of the HFC Heavy Vehicle(s) and/or HFF are as follows:
- (a) the Recipient Company shall require the supplier of the HFC Heavy Vehicle(s) and/or HFF to provide documents to substantiate the compliance of the HFC Heavy Vehicle(s) and/or HFF with the relevant statutory requirements (such as road safety, roadworthiness, fire safety, vehicle registration and licensing, electrical installation, etc.). For example, if the vehicle to be procured is to be used on road, the type approval or any applicable approval documents (e.g. in-principle approval or provisional type approval) issued by the Transport Department shall be provided;
 - (b) For HFC Heavy Vehicle(s), if requirement (a) above cannot be complied, the Recipient Company shall, in the specification of the procurement invitation concerned, require the vehicle to comply with whole vehicle type approval requirements in a single country/region, such as Chinese Mainland or European countries, and latest national/international standards, as well as any relevant conditions stipulated in the agreement-in-principle given by the Working Group, if any; and
 - (c) the Recipient Company shall in the specification of the procurement invitation, require the supplier of the HFC Heavy Vehicle(s) and/or HFF to provide maintenance and repair for the product and/or system, and a warranty period ending on a date not earlier than the Project Completion Date for all parts of the product and/or system.
- 7.1.6 The documents of procurement invitation, with requirements stipulated in paragraph 7.1.5 above incorporated, are subject to the agreement by the Government prior to the issuance of the procurement invitation concerned.
- 7.1.7 For all procurements, the Recipient Company should select the lowest bid or the bid where the tenderer's Price Proposal and Technical Proposal have attained the highest combined score amongst all the tenders in the case of two-envelope approach adopted for the tender exercise which complies with technical specifications and

requirements of the procurement. Justification shall be given if the lowest bid or the bid where the tenderer's Price Proposal and Technical Proposal have attained the highest combined score amongst all the tenders in the case of two-envelop approach adopted for the tender exercise is not selected. The Recipient Company shall seek the consent from the Government before entering into an agreement with a supplier for the supply of subsidised item(s). The Government may request the Recipient Company to re-tender if the Government considers the procurement procedures to be inappropriate.

7.1.8 The Recipient Company 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 Agreement or the Project Completion Date whichever is the earlier for inspection by the Government, the Director of Audit, the Commissioner of the Independent Commission Against Corruption, and their authorised representatives at all reasonable times during the period from the date of execution of the Agreement and until the expiry of the abovementioned three-year period.

7.1.9 If the cost of a subsidised item is over HK\$10,000, the Recipient Company shall make payment to the supplier of the subsidised item by cheque, bank transfer or credit card only.

7.2 *Safeguarding national security in the procurement for all equipment, goods and services*

7.2.1 The Recipient Company shall manage its procurement such that it shall exercise its right to disqualify a supplier or terminate a procurement contract upon the occurrence of any of the following events:-

- (a) the supplier or contractor of the procurement contract having engaged or been involved in, or is engaging or being involved in, any Offending Conduct;
- (b) the continued engagement of the contractor or the continued performance of the procurement contract is contrary to the interest of national security;
- (c) the Government reasonably believes that an event mentioned in (a) above has occurred or is occurring; or
- (d) the Government is of the reasonable opinion that the circumstance described in (b) has arisen.

7.2.2 In every contract made pursuant to the procurement, the Recipient Company shall incorporate a contractual provision to ensure that it has the right to terminate the

contract in accordance with paragraph 7.2.1.

7.3 *Insurance*

- 7.3.1 The Recipient Company shall effect an insurance at least one month prior to the Project Commencement Date to cover the full market value of the subsidised HFC Heavy Vehicle(s) and/or HFF for the whole period of the Project.
- 7.3.2 If the Recipient Company receives insurance compensation for an insured subsidised HFC Heavy Vehicle(s) and/or HFF due to: (a) damage caused by accident, (b) theft, or (c) any other causes, and arising during the period between the Project Commencement Date and the Project Completion Date, rendering the subsidised HFC vehicle(s) and/or HFF unable or not operational for the purpose of the Project, the Recipient Company shall forthwith return to the Government an amount that is equal to the insurance compensation multiplied by the subsidised percentage of the subsidised HFC Heavy Vehicle(s) and/or HFF.

7.4 *Restoration*

- 7.4.1 The Recipient Company shall be solely responsible for all restoration costs for uninstalling any product or facility at any time.

8 **PROBITY REQUIREMENTS**

- 8.1 Applicants and Recipient Companies shall prohibit their directors, employees, contractors and agents from offering, soliciting or accepting any advantages as defined in the Prevention of Bribery Ordinance (Cap. 201).
- 8.2 Recipient Companies shall not undertake any service, task or job or do anything whatsoever which conflicts, or which may be seen to conflict, with their duties as Recipient Companies under the Agreement. They shall also require their directors, employees, contractors and agents to observe the same rule. Where a conflict of interest situation is unavoidable, declaration of the conflict should be made and properly handled, with the Government duly notified in writing as soon as possible of the circumstances involved and the actions taken to remove/mitigate its impact (e.g. removing the personnel concerned from the related duties).
- 8.3 Recipient Companies should follow, as far as practicable, the good practices set out in the “Best Practice Checklist (“BPC”) on Strengthening Integrity and Accountability – Government Funding Schemes Grantees’ Guidebook” published by the Independent Commission Against Corruption⁴, including but not limited to including the sample probity clauses detailed in Appendices 3 to 5 of the BPC in

⁴ https://cpas.icac.hk/EN/Info/Lib_List?cate_id=3&id=142

the documents for procurement as appropriate.

9 PARTICIPATION IN PROMOTIONAL ACTIVITIES

- 9.1 The Recipient Company will be required to share their experiences in implementing the Project with other transport trade. The Recipient Company will need to participate in promotional activities upon invitation by the NET Fund Secretariat. These activities may include seminars, workshops, conferences, as well as site visits as arranged by the NET Fund Secretariat.

10 ACKNOWLEDGEMENT OF SUBSIDY SUPPORT

- 10.1 The logo of the source of subsidy, namely, the “New Energy Transport Fund”, must be used in all publicity materials used by the Recipient Company in respect of the hardware purchased for the Project with the Approved Funding until the completion of the Project.

APPENDIX 1 Preparation of Project Proposal for Funding Application

This provides a framework of information to be included in a Project Proposal as a supporting document for assessment of an application. The Project Proposal must cover the following:-

(a) Abstract (not more than 500 words) [Corresponding Assessment Criteria : Potential Contributions to Facilitate Use of Hydrogen Energy in Transport Sector in Hong Kong]	A brief description of the Project covering information about the following: • Type(s) and no. of HFC Heavy Vehicle(s) involved; • HFF involved and/or plans to refuel the HFC Heavy Vehicle(s) involved; • Site(s) involved; • Type(s) and no. of other new energy vehicle(s) and/or conventional vehicle(s) to be deployed in the Project; • Rationale for the selection of the trial route(s); • Technical challenges; and • Plan to put the tested HFC Heavy Vehicle(s) and/or HFF for wider actual application in Hong Kong.
(b) Scope of Project [Corresponding Assessment Criteria : Potential Contributions to Facilitate Use of Hydrogen Energy in Transport Sector in Hong Kong]	Details of the Project covering information about the following: • Objectives and scope of the Project; • Details of the HFC Heavy Vehicle(s) and/or HFF to be tested under the Project; • Methodologies for implementing the Project, as well as collecting and analysing operational and performance data; • Type(s) and no. of new energy vehicle(s) and/or conventional vehicle(s) to be deployed in the Project; • Details of the plan for hydrogen refuelling; • Rationale for the selection of the trial/service route(s); and • The plan on continue using the HFC Heavy Vehicle(s) and/or HFF for at least three years after the Project Completion Date

(c) Project Management [Corresponding Assessment Criteria : Technical and Management Capability]	Providing the information of the proposed project coordinator and other team members of the project team managing the Project, including: • Curriculum Vitae (CV) of the proposed project coordinator of the project team to demonstrate his/her credentials in relation to the Project with supporting documents (i.e. proof of academic and professional qualifications; proof of relevant business/work experience) • Relevant information such as publications, industry and academic awards and any recognition/endorsement of outstanding expertise/achievements in the field, etc. • Details of any previous or ongoing project(s) related to new energy transportation Providing justification on how the team's expertise and experience (i.e. technical and management capacity) could be beneficial for the Project and execution of the Project. • The detailed setup of the project team with division of labour and staffing illustrated
(d) Project Implementation and Monitoring [Corresponding Assessment Criteria : Technical and Management Capability]	Describing the implementation plan and monitoring arrangement of the Project, including but not limited to the following items: • Programme schedule for implementing the Project; • The detailed work plan to address the conditions of the agreement-in-principle obtained from the Working Group (if any);

	• Key milestones of the Project with functions, purposes and performance of the expected deliverables, including but not limited to: ○ estimated mileage ○ estimated fuel consumption ○ performance comparison between traditional and HFC Heavy Vehicle(s) and/or HFF to be tested under the Project ○ availability of the HFC Heavy Vehicle(s) throughout the trial with downtime of scheduled and unscheduled maintenances • Schedules for submission of progress reports, final report and the post-trial reports after the Project Completion Date;
(e) Project Expenditure [Corresponding Assessment Criteria : Financial Considerations]	Providing detailed budget plan and elaborating the financial considerations of the Project and the proposed amount of funding to be sought from the Government under this application with details, supported by relevant documents, including quotations and job references, to justify the proposed expenditure on the following items. • HFC Heavy Vehicle (a) the way it contributes to the achievement of project milestones; and (b) how the vehicle could be obtained in the most economical manner. • HFF and its construction and installation cost (a) principle functions of the HFF; (b) the way it contributes to the achievement of project milestones; (c) how the HFF could be obtained in the most economical manner; (d) how the proposed procurement, construction and installation cost is directly related and essential to the Project; and (e) how the product and service could be obtained in the most economical manner. • Expenses on hydrogen fuel (a) how the hydrogen fuel could be obtained in the most economical manner; and

	(b) reasons for the quantity requested. • Comparison with existing/conventional operation (a) A brief comparison on the proposed project expenditure with existing/conventional operation Providing the particulars of the company/organisation/individual that may provide equipment, goods or services for the purpose of the Project. <i>(If it is not possible for the Applicant to follow procurement requirements set out in paragraph 7.1.1 of the Guide)</i> Providing justification for not following the procurement requirements set out in paragraph 7.1.1 of the Guide (if applicable) and the relationship between the company/organisation/individual which may provide equipment, goods or services for the purpose for the Project and the Applicant. <i>(If the Applicant intends to procure equipment, goods or services of any value from a sole agent or supplier, or limited suppliers in the market which is its Associates, Associated Persons or Related Companies (see paragraph 7.1.3 of the Guide))</i> Providing the justifications for involving the Associates, Associated Persons or Related Companies in the procurement process and organisation chart(s) showing the relationship between the Applicant and the said Associates, Associated Persons or Related Companies of the Applicant.
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(f) Project Concept [Corresponding Assessment Criteria : Potential Contributions to Facilitating Use of Hydrogen Energy in Transport Sector in Hong Kong]	Providing justification on the Project for the Steering Committee to consider: A. Potential Contributions to Facilitating Use of Hydrogen in Transport Sector in Hong Kong (a) Objectives of the Project ◆ Current problem(s) to be solved; ◆ HFC Heavy Vehicle(s) and/or HFF to be developed /designed and built for the business environment's use ◆ hydrogen technologies to be developed or to be deployed (b) Project deliverables ◆ Measurable parameters indicative of the functions, purposes and performance of the expected deliverables. Please also indicate at which milestones they will be achieved (c) Potential contributions ◆ How the project deliverables could contribute towards developing use of hydrogen energy in transport sector in Hong Kong (e.g. how the project deliverables outperform conventional or existing technologies/practices). Please also provide the basis and justifications for your assessment (d) Technical challenges / risks ◆ Articulate the technical challenges/risks in accomplishing the project objectives and milestones and how such challenges/risks are going to be tackled.
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