

Pilot Manufacturing and Production Line Upgrade Support Scheme (“Manufacturing+”)

Guidance Notes for Applications



Innovation and Technology Commission

The Government of the Hong Kong Special Administrative Region



Implementation Partner:
Hong Kong Productivity Council

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Pilot Manufacturing and Production Line Upgrade Support Scheme (“Manufacturing+”)

Guidance Notes for Applications

These Guidance Notes provide an overview on application for funding and implementation of projects under Manufacturing+.

Introduction

2. Manufacturing+ was announced in the 2025 Budget as a two-year HK\$100 million pilot scheme to be launched under the Innovation and Technology Fund (“ITF”) to support enterprises carrying out manufacturing operation or running production line¹ in Hong Kong in formulating smart production strategies and introducing advanced technologies into their existing manufacturing operation or production line. This document sets out the guidance notes for applicants at different stages of funding application as follows:

<i>Stages</i>	<i>Paragraphs</i>
<i>Project planning and procurement</i>	<i>1 – 22, Annex A & Annex B</i>
<i>Funding application and assessment</i>	<i>23 – 33</i>
<i>Project implementation and monitoring</i>	<i>35 – 38</i>

¹ Manufacturing includes the physical or chemical transformation of materials, substances, or components into new products. Substantial alteration, renovation and reconstruction of goods are generally considered to be manufacturing. Also included in this industry sector is specialised repair and maintenance of industrial and commercial machinery and equipment. Please refer to Section C – Manufacturing in the Hong Kong Standard Industrial Classification (HSIC) Version 2.0 or any more updated version (if applicable) published by Census and Statistics Department for the economic activities classified as manufacturing:

https://www.censtatd.gov.hk/en/data/stat_report/product/B2XX0005/att/B2XX0004012008XXXXB0300.pdf

For the avoidance of doubt, production line refers arrangement/combination of machinery, equipment, apparatus, installations, etc. for carrying out manufacturing operations.

<p><i>Submission and assessment of project reports, disbursement of funding, post-project evaluation and other follow-up issues</i></p>	<p>39 – 57</p>
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Eligibility

3. Entities applying for funding under Manufacturing+ must be a manufacturing enterprise fulfilling the following eligibility requirements –

- (a)(i) is **registered in Hong Kong** under the **Business Registration Ordinance** (Cap. 310) (“BRO”); or
- (a)(ii) is **incorporated and registered in Hong Kong** under the **Companies Ordinance** (Cap. 622);

AND

- (b) is **neither** a listed company in Hong Kong **nor** a government subvented organisation² or subsidiary of any government subvented organisation;

AND

- (c) **carries out manufacturing operation or runs one or more production lines for at least one year in Hong Kong** and the manufacturing operations or production lines are related to the project under the application³.

4. The Innovation and Technology Commission (“ITC”) administers Manufacturing+, and has engaged the Hong Kong Productivity Council (“HKPC”) to assist in the implementation of Manufacturing+. ITC and/or HKPC as appropriate (respectively and

² Government subvented organisation means organisation that receives subvention from the Government on a recurrent basis. The subvention contributes towards the organisation's operational expenses, in exchange for its service to the public. The recurrent subvention may account for the bulk of the organisation's income or may just be a token contribution/sponsorship forming a small percentage of the organisation's total income.

³ For the avoidance of doubt, manufacturing operation or production line of applicants fulfilling requirements in paragraph 3(a)(i), 3(a)(ii) and 3(b) but located outside Hong Kong are not eligible for funding under Manufacturing+. The applicant must provide documentary evidence in Annex A proving the location of its manufacturing operation/production line in Hong Kong.

collectively, the Secretariat) reserve at all times the right to determine whether an entity is eligible to apply for funding under Manufacturing+.

Funding Scope

5. Manufacturing+ supports projects in the form of adopting smart manufacturing technologies in upgrading the manufacturing operation or production line. The funding could be used to cover costs in advisory and strategic planning consultancy, procurement and installation of equipment, as well as coaching services. Applicants are welcome to propose relevant smart manufacturing technological services and solutions which could achieve the objectives of Manufacturing+. The merits of such applications shall be considered on a case-by-case basis. To be eligible for financial support under Manufacturing+, the project must **not** have commenced **before approval** of the application. The project deliverables should be used in a way that would have direct benefits to the applicant's manufacturing operation and production line in Hong Kong.

6. In the application, the applicant is required to provide a breakdown of the costs to be directly incurred for the purpose of, and during the approved period of, the proposed project that the applicant estimates. Funding could cover-

- (a) **Technology Consultancy** – for the purpose of a Manufacturing+ project, “consultant” refers to company/institution providing external consultancy to the applicant for recommending and advising smart manufacturing technological services/solutions to be adopted in the project. To encourage proper consideration of the local setting in the formulation of smart manufacturing technological solutions for the applicants, the consultant must be a **local university or research institution**, or a **company registered in Hong Kong** under the BRO at the time of application. The applicant should provide the expected deliverables from the engagement of the consultant, as well as breakdown of payment to this consultant including manpower cost and any other related cost for the purpose of the project.
- (b) Purchase, rental or subscription of **customised** equipment/hardware, software and technological services or solutions that form an essential part of the project. In general, software systems that require compilation/integration by the service providers at the request of the applicants, including those involving standard modules with or without tailor-made features, will be regarded as customised items, as long as they are not readily available off-the-shelf.
- (c) Purchase, rental or subscription of **off-the-shelf/readily available** equipment/hardware, software and technological services or solutions that **form an essential part of the project**. For this purpose, off-the-shelf/readily available

items refer to those that can be procured “off-the-shelf” and installed/used directly by the applicants. Subscription-based smart manufacturing technological services or solutions (e.g. cloud-based services) may be permitted for funding support for up to 12 months irrespective of the completion of other project deliverables, provided the cost to be incurred only covers the project duration.

- (d) Project auditing (please refer to paragraph 41(d) below) mandatory for projects with approved funding exceeding HK\$50,000. The maximum audit fee to be counted towards the total project cost is HK\$3,000.

7. The procurement of equipment/hardware/software/other assets or consultancy services is subject to the following rules:

- (a) The title and interest in new equipment/hardware/software and other assets purchased with funds under Manufacturing+ shall vest with the applicant;
- (b) Unless prior written approval from the Secretariat is obtained, the applicant is required to keep all equipment/hardware/software/other assets funded under Manufacturing+ for at least one year after acceptance of the final project report by the Committee or termination of the project, and shall make such equipment/hardware/software/other assets available for inspection by the Secretariat or any authorised person acting on behalf of the Government of the Hong Kong Special Administrative Region (the “Government”)⁴ upon request. The applicant shall **not** transfer, sell or dispose of the equipment/ hardware/software/other assets within the period specified above without prior approval;
- (c) All items purchased, procured or leased with funds under Manufacturing+ should be licensed products and should not infringe any third party intellectual property rights; and
- (d) The risk in using the equipment/hardware/software/other assets or consultancy services will be borne by and remain with the applicant.

8. Normal business operating costs including but not limited to the following will **not** be funded under Manufacturing+⁵ –

- (a) rental of premises;

⁴ For the sake of clarity, the Audit Commission is part of the Government.

⁵ This list of normal business operating costs not funded under Manufacturing+ is not exhaustive and is subject to review and revision from time to time.

- (b) staff salary and other related expenses including but not limited to contribution to the Mandatory Provident Fund, contract gratuities, annual salary adjustment, general fringe benefits (e.g. medical), and allowances (e.g. expenses on housing, travelling, overtime), general training and development;
- (c) general office equipment/hardware, software and technological services or solutions for normal business operation⁶;
- (d) maintenance, warranty and insurance of existing and newly purchased equipment;
- (e) non-technology related professional service fees;
- (f) marketing and branding expenses;
- (g) transportation and accommodation;
- (h) financing expenses (e.g. interest payment for loans); and
- (i) administrative overheads.

Procurement Procedures

9. Applicants should ensure that all procurement for goods and services (including smart manufacturing technology consultancy and project auditing) are carried out on the e-procurement system of Manufacturing+ on an open, arm's length and competitive basis in accordance with prudent commercial principles. A number of templates of specifications for upgrading and transforming typical manufacturing operations/production lines will be available on the e-procurement system for the reference of applicants. The Secretariat will conduct pre-screening to evaluate whether the proposed project scope by the applicant is reasonable and aligns with the objectives of Manufacturing+ before they are posted for open bidding by the service providers registered on the system. In general, applicants should adhere to the following procurement procedures –

- (a) for every procurement of equipment or other goods or services for the purposes of or in relation to the project, the aggregate value of which does not exceed HK\$50,000, the applicant itself (versus its agents or sub-contractors) shall obtain written price quotations from at least two suppliers or service providers on the e-procurement system of Manufacturing+. The procurement contract should, unless otherwise justified by the applicant and agreed by the Secretariat, be awarded to the supplier or service provider submitting the lowest conforming price quotation;

⁶ Examples include PCs, laptops, printers, scanners, photocopiers, fax machines, tablets, mobile phones, USB flash drives, anti-virus and office suites for the purpose of normal business operation.

- (b) for every procurement of the equipment or other goods or services for the purposes of or in relation to the project, the aggregate value of which exceeds HK\$50,000 but does not exceed HK\$300,000, the applicant itself (versus its agents or sub-contractors) shall obtain written price quotations from at least three suppliers or service providers on the e-procurement system of Manufacturing+. The procurement contract should, unless otherwise justified by the applicant and agreed by the Secretariat, be awarded to the supplier or service provider submitting the lowest conforming price quotation;
- (c) for every procurement of the equipment or other goods or services for the purposes of or in relation to the project, the aggregate value of which exceeds HK\$300,000 but does not exceed HK\$1,350,000, the applicant itself (versus its agents or sub-contractors) shall obtain written price quotations from at least five suppliers or service providers on the e-procurement system of Manufacturing+. The procurement contract should, unless otherwise justified by the applicant and agreed by the Secretariat, be awarded to the supplier or service provider submitting the lowest conforming price quotation; and
- (d) for every procurement of the equipment or other goods or services for the purposes of or in relation to the project, the aggregate value of which is more than HK\$1,350,000, the applicant shall follow an open procurement process. The e-procurement system of Manufacturing+ shall be used to publicise the tender notices. The procurement contract should be awarded to the supplier or service provider in accordance with the terms of the tender.

10. If the minimum number of quotations for purchase as stipulated in paragraph 9(a)-(c) cannot be obtained, the applicant should initiate more than one round of procurement procedure carried out on the e-procurement system of Manufacturing+. The applicant should submit the requisite number of quotations at the time of application as evidence of proper quotations⁷. To facilitate vetting by the Secretariat and the Committee on Technology Adoption and Production Line Upgrade (the “Committee”), applicants should ensure that the quotations submitted are comparable as far as practicable (e.g. covering the same functions of the proposed system, or equipment of the same functionalities). Where necessary, an applicant may be requested by the Secretariat to obtain additional quotations or references to support the cost of equipment, other goods and services.

11. For details of the operation of the e-procurement system of Manufacturing+, please refer to the following website:

⁷ Quotations for the purchase of similar or identical goods or services should be obtained from the same procurement exercise.

12. Unless prior written approval from the Secretariat is obtained, the applicant, or any person/staff authorised by the applicant to call for or in any way involved in the quotation or tender exercise, or any consultants/service providers/suppliers, the owners, shareholders, management of which are the owners, shareholders, management of the applicant or their relatives shall **not** offer a quotation or make a bid itself.

13. The applicant shall ensure that each bidder/tenderer has signed a probity and non-collusive quotation/tendering certificate as part of their quotation or tender submission to the applicant⁸. Please refer to the Manufacturing+ dedicated website (<https://www.itf.gov.hk/en/funding-programmes/promoting-new-industrialisation/new-industrialisation-support-scheme/manufacturing-plus/index.html>) for the model clauses and provisions to be included in the probity and non-collusive quotation/tendering certificate.

14. In the selection of service provider(s), the applicant should take into account the company's technical capability and track record in similar projects. Applicants can refer to the websites of law enforcement agencies such as the Independent Commission Against Corruption or the Competition Commission to ascertain whether service providers under consideration have previous conviction records. The registration of service providers on the e-procurement system of Manufacturing+ should not be taken as the Government's endorsement or recommendation of such service providers for providing any kinds of services to the Manufacturing+ applicants.

15. Upon request of the Secretariat, the applicant shall provide full justifications for shortlisted or selected supplier(s) or service provider(s), including but not limited to company profile, year founded, number of staff, core business, area of specialty and job references. The Secretariat reserves the right to reject the application or eliminate any supplier(s) or service provider(s) and request the applicant to conduct the procurement exercise again should there be any doubts regarding their technical capability and/or track record in similar projects or if

⁸ The Independent Commission Against Corruption (“ICAC”) has published a booklet “Strengthening Integrity and Accountability – Government Funding Schemes Grantee’s Guidebook” providing applicants/grantees with a practical set of guidelines in utilising the funds. Softcopy of the Guidebook is available on ICAC’s website (http://www.icac.org.hk/filemanager/en/Content_1031/GranteeBPC.pdf). The Competition Commission (“CC”) has also published a booklet which provides guidance relating to Model Non-Collusion Clauses and Non-Collusive Tendering Certificate (available on CC’s website: https://www.comppcomm.hk/en/media/press/files/Model_Non_Collusion_Clauses_and_Non_Collusive_Tendering_Certificate_Eng.pdf). Applicants are advised to make reference to the best practices in the ICAC’s Guidebook and CC’s booklet and contact the Corruption Prevention Advisory Service of ICAC (Tel: 2526 6363) or CC (Tel: 3462 2118) for any questions concerning the Guidebook or the booklet or if they need any advice to prevent corruption or anti-competitive practices.

The applicant may also consider including non-collusion clauses in its formal contract with the successful bidder/tenderer. For further information, please refer to CC’s Model Non-Collusion Clauses and Non-Collusive Tendering Certificate (in particular, Appendix 1 and Appendix 2).

the Secretariat considers that the procurement for any goods or services are not carried out in an open, fair and competitive manner.

Avoidance of Conflict of Interest

16. Applicants should engage consultants, service providers and suppliers of its choice. However, to avoid conflict of interests, in engaging consultant/service provider/supplier for implementing the project, applicants must **not** engage a consultant/service provider/supplier whose owners, shareholders, management are the owners, shareholders, management of the applicant or their relatives. Applicants or any person/staff authorised by the applicants to handle or in any way to be involved in the quotation or tender exercise should declare that they have no actual or potential conflict of interest; or otherwise should **not** participate in the procurement process. In addition, consultants/service providers/suppliers may **not** provide loans to applicants for carrying out the Manufacturing+ projects. Applicants are required to report cases of conflict of interest, including actions taken, to the Secretariat in writing.

Handling of Cash Payment

17. Subject to paragraph 18, the applicant shall purchase, procure or lease equipment, other goods or services for the project through non-cash methods such as credit card, cheque, bank transfer.

18. The applicant may procure equipment, other goods or services for the project in cash to meet immediate needs, provided that the total value of any single transaction of the equipment, goods or services or all of the above for the purposes of or in relation to the project shall **not** exceed HK\$5,000 each and the transaction shall be reasonably necessary for the discharge of the obligations and duties owed by the applicant under the funding agreement (please refer to paragraph 32 below), and that the procurement price is reasonable. The applicant has to certify in writing the fulfilment of all these requirements.

19. Any single transaction by the applicant of a total value exceeding HK\$5,000 shall **not** be made in cash without the prior written approval of the Secretariat.

Funding Amount and Project Duration

20. Funding up to **HK\$250,000** for each eligible entity will be provided on a **1:2 matching basis**. The applicant must contribute **no less than two-thirds** of the total approved project cost in **cash**. In other words, funding of **no more than one-third** of the actual project cost will be provided to an applicant. Contribution by the applicant **in kind** will **not** be accepted. The funding disbursement will be made to the applicant upon project

completion and acceptance of the final project report by the Secretariat. Expenditure items under an approved Manufacturing+ project (including the parts contributed by the applicant and the Government) shall **not** receive funding support from other local public funding sources.

21. For the avoidance of doubt, **only one project** from an applicant may be approved. An entity is **not** allowed to submit more than one Manufacturing+ application. Subject to paragraph 33 below, a new application may be submitted by an entity **after** rejection or withdrawal of an earlier application.

22. Each project should normally be completed **within 12 months**. Unless provided otherwise in the funding agreement, no waiver, cancellation, alteration or amendment of the funding agreement shall be valid unless made in writing and duly signed by all the parties to the funding agreement. However, this is not required for advance, or deferment for no more than three months, of the project completion date. Applicant should give prior written notification of the advance or deferment to the Secretariat instead, and record the changes in the final project report. Request for deferment of project completion date for more than three months made prior to project completion without increase in the approved funding amount will be considered on a case-by-case basis. Applicants should provide full justifications on the reasonableness of the proposed deferment for the Secretariat's assessment. The Secretariat reserves the right to withhold disbursement of any part of funding support to the applicant and/or revoke approval of funding in full or in part should there be deferment for more than three months of the project completion date without prior approval. For the avoidance of doubt, request for deferment of project completion date for more than three months made after the approved project completion date will not be entertained.

Application Procedures

23. Manufacturing+ is open for application throughout the year.

24. Applicants should submit their applications through the Manufacturing+ dedicated website (<https://mplus-eproq.itf.gov.hk/>) with the documents listed in **Annex B**. Applicants may contact the Secretariat for assistance if they encounter difficulties in submitting applications through the Manufacturing+ dedicated website.

25. For applications submitted, the Secretariat reserves the right to seek additional information where necessary. The application would be considered withdrawn if the information/clarification requested by the Secretariat is not provided within **two weeks or any shorter period specified by the Secretariat**. The applicant may however submit a new application once all the necessary documents and/or requested information are available. Unless requested by the Secretariat, supplementary information provided after submission of

application will **not** be accepted and will **not** form part of the application. Incomplete application will **not** be processed. The applicant should assign a person as the project coordinator of the application who will act as the main contact point between the applicant and the Secretariat. In order to ensure the smooth implementation and completion of the project, the project coordinator should be able to fully represent the applicant and be conversant with the manufacturing operation and production line of the applicant. As such, the project coordinator must be a responsible personnel of the applicant.

Assessment of Application

26. Upon receipt of an application, the Secretariat will check its eligibility and conduct a preliminary screening. The Secretariat may seek clarification or supplementary information from the applicant if necessary. The actual processing time will depend on the amount of applications received at the time, complexity of individual applications, comprehensiveness and clarity of the information provided, etc. Only eligible applications will be considered by the Committee.

27. The Committee is composed of members from the business sector, technology sector, professional services sector and relevant Government departments and its composition can be found under <https://www.itf.gov.hk/en/funding-programmes/promoting-new-industrialisation/new-industrialisation-support-scheme/manufacturing-plus/mplus-committee>. Applications supported by the Committee will be submitted to the Commissioner for Innovation and Technology (“CIT”) for approval of funding. Applicants must **not** approach members of the Committee to avoid affecting their impartiality of advice.

28. To avoid conflict of interest, members of the Committee will be required to declare their general pecuniary interests on appointment and annually thereafter, in addition to the report of conflicts of interest that may arise from any particular application on which they may be asked to advise. Where considered appropriate, the Chairman of the Committee may request the member concerned to refrain from participating in discussion and assessment of the relevant application.

Assessment Criteria

29. Each eligible application will be assessed based on individual merits and considered on a case-by-case basis. The assessment criteria of Manufacturing+ projects include –

- (a) **relevance of the proposed project to the applicant’s manufacturing operation or production line** – the equipment/hardware/software should be directly applied to the manufacturing operation or production line and the services should be related to

the integration of the equipment/hardware/software with the manufacturing operation or production line;

- (b) **reasonableness of the budget** – assessment with reference to market prices of the smart manufacturing technologies in question as known to the Committee or the Secretariat will be made. Individual items of expenditure must also be essential and directly related to the implementation of the project;
- (c) **reasonableness of the implementation details** – consideration may include whether concrete project deliverables and outcomes have been set. The implementation details should also be realistic taking into account factors such as the complexity of the smart manufacturing technology and the project duration;
- (d) **achieving smart manufacturing** – the technologies in the proposal should be able to achieve “smart manufacturing”, i.e. the integrated and intelligent use of “smart” technologies such as Internet of Things, real-time data, application of data analytics and advanced human-machine interfaces, artificial intelligence/machine learning/deep learning, automation and robotics, sensors and actuators, etc. in the production process;
- (e) **economic benefits** – the project should lead to quantifiable saving such as less manpower or lower utility costs, or quantifiable growth such as improved productivity and product quality, diversified product range, etc.; and
- (f) **adverse record of consultants and/or service provider(s)** as known to the Committee and the Secretariat if available.

30. If a project is worthy of support in principle, the level of funding may be adjusted with reference to the project cost approved by the Committee. By submitting an application under Manufacturing+, the applicant agrees that the Committee’s decision is final and no appeal shall be entertained.

31. The Secretariat reserves the right to reject an application on grounds including but not limited to –

- (a) a petition is presented or a proceeding is commenced or an order is made or a resolution is passed for the winding up of the applicant; or
- (b) a false, inaccurate or incomplete statement or representation is contained in the application or a promise or a proposal is made knowingly or recklessly; or

- (c) the applicant is in default of its obligation(s) under another grant agreement entered into with any other local public funding sources whether or not in relation to Manufacturing+.

Notification of Result

32. Applicants will be informed of the result in writing. Successful applicants may be required to revise the application to fulfill the conditions for approval set by the Committee and/or the Secretariat, if any. A successful applicant is required to enter into a funding agreement with the Secretariat upon successful application of funding and approval by the CIT. Similar to other ITF projects, basic information of the approved projects will be posted onto the ITF website.

33. Unsuccessful applicants will be informed of the reason(s) of rejection. A rejected application could only be resubmitted if it has been revised taking into account the reason(s) of the previous rejection, and the resubmitted application will be treated as a new application and be subjected to the same assessment procedures. However, resubmitted applications which have not been duly revised will **not** be processed.

Project Implementation

34. An approved Manufacturing+ project is required to be carried out strictly in accordance with the funding agreement and the application as approved by CIT. It is the applicant's responsibility to monitor the work of the service provider(s) and the implementation of the project to ensure the proper use of funds by supplier(s)/service provider(s) in accordance with the approved budget; and to resolve any disputes with its supplier(s)/service provider(s). Applicants should agree with the supplier(s)/service provider(s) on the detailed service scope and project budget prior to project commencement, and set out the information in the application. It is the responsibility of the applicant to ensure proper completion of the project for the purpose of seeking disbursement of the funding payment. The Secretariat will also conduct random on-site checks on individual projects as mentioned in paragraph 45.

Changes to Approved Project

35. Funding will **not** be provided for items not included in the approved proposal, nor for expenditures incurred outside the project period.

36. While approved projects are expected to be carried out strictly in accordance with the applications and funding agreements, applicants are allowed to lodge change requests as a result of unexpected circumstances. Requests for changes to approved projects, including

change of the project commencement or completion dates⁹, consultant or service providers, equipment, and/or budget, will require prior approval by the Secretariat (see paragraph 22 for advance, or deferment for no more than three months, of the project completion date), unless otherwise agreed by the Secretariat. Depending on the extent of the requested changes and the impact of the proposed changes on the outcome of the project, recommendations by the Committee may be sought before approval is granted by the Secretariat. Any request for change in project scope (i.e. the approved smart manufacturing technological solution(s)) or increase in the total amount of funding for the project will **not** be entertained.

37. Deviation of expenditure for any individual item **not exceeding 30%** of the original approved budget of the item does **not** require prior approval from the Secretariat. Such deviation should however be explained in writing in the final project report. For deviation of expenditure exceeding 30%, the applicant needs to provide strong justification for seeking prior approval from the Secretariat, or otherwise the expenditure will **not** be borne by Manufacturing+. No prior approval from the Secretariat is required if the applicant increases its own contribution to the approved project. Under all circumstances, the total amount of funding approved will **not** be increased.

38. The applicant should submit change requests electronically through the Manufacturing+ dedicated website.

Disbursement of Funding

39. Funding for no more than one-third of the actual cost of a project (up to the ceiling approved by CIT) will be provided to an applicant.

40. The funding payment will be made to the applicant upon project completion and the Secretariat's acceptance of the final project report. The actual amount of the funding payment will be determined by the Secretariat having regard to the actual total project expenditure upon project completion.

41. **Within 2 months** after completion of the Manufacturing+ project, the applicant should submit the following electronically through the Manufacturing+ dedicated website to the Secretariat for the disbursement of the funding payment:

- (a) a final project report indicating completion of project, a summary of project expenditures and project deliverables;

⁹ Changes to project completion dates that result in an extension of the project by more than six months in total will not be allowed.

- (b) evidence of deliverables (e.g. consultancy report(s), delivery receipt(s), computer screen captures of software systems, photos of equipment/hardware (showing the model numbers and serial numbers), record(s) of training conducted such as photos and training material(s) etc.);
- (c) invoice(s) and corresponding receipt(s)¹⁰ in relation to the payment for each expenditure item. The name of the payer on the invoice(s) and receipt(s) must be the **same** as the name of the applicant;
- (d) if the approved funding **exceeds HK\$50,000**, an audited statement of income and expenditure for the project from an independent auditor is required to be submitted to the Secretariat; and
- (e) if the approved funding is HK\$50,000 or below, applicants are required to prepare and submit a final statement of income and expenditure and declare that the final statement of income and expenditure is accurate and all spending is made in compliance with the requirements as set out in the funding agreement. Applicants may refer to the format of the audited statement of income and expenditure at Annex of the Notes for Auditors (mentioned in paragraph 44 below) when preparing the final statement of income and expenditure. The Secretariat reserves the right to conduct detailed checks on the final statement of income and expenditure.

42. Late submission of the required documents specified in paragraph 41 above, or failure to provide satisfactory response to the Secretariat's requests for clarifications on these documents by the specified deadline may lead to withholding, reduction or cessation of the funding support for the project. Applicants may contact the Secretariat for assistance if they encounter difficulties in submitting the final report and supporting documents through the Manufacturing+ dedicated website.

43. The Secretariat reserves the right to seek clarifications from the applicant regarding the project and/or the service provider(s). Under normal circumstances, the funding payment will be made upon submission of all the required documents/supplementary information and the Secretariat's acceptance of the final project report.

Auditing Requirement

44. To ensure that the project funds have been solely and properly applied to the project and expended in accordance with the approved budget, an audited statement of income and expenditure shall be required for projects with approved funding over HK\$50,000 as set out in

¹⁰ The applicant is required to keep the original invoice(s) and receipt(s) for 7 years after the completion of the project in accordance with paragraph 45.

paragraph 41(d) above. The required accounts shall be audited by an independent auditor who must be a Certified Public Accountant holding a practising certificate registered under the Professional Accountants Ordinance (Cap. 50) (the “auditor”). The applicant shall specify in the engagement letter for the employment of the auditor that the auditor shall strictly follow the requirements stipulated in the latest version of the “Notes for Auditors” (the “Notes”) issued by the Secretariat in conducting the audit and preparing the auditor’s report for each project. The engagement letter shall also specify that the Secretariat or any authorised person acting on behalf of the Government shall have the right to communicate with the auditor on matters concerning the project accounts and the supporting statements, and the auditor shall provide the Secretariat or any authorised person acting on behalf of the Government with access to such project accounts and supporting statements for inspection, verification and copying from time to time upon reasonable notice being given by the Government. In conducting the audit, the auditor must comply with the relevant Standards and Statements of Professional Ethics issued and updated from time to time by the Hong Kong Institute of Certified Public Accountants. In the auditor’s report, the auditor is required to express an audit opinion as to whether the applicant has complied, in all material respects, with the terms and conditions of the funding agreement and to make full disclosure of any material non-compliance.

45. To maintain a high level of integrity of the projects under Manufacturing+, the Secretariat will conduct random on-site checks on individual Manufacturing+ projects. Successful applicants are required to keep a proper and separate set of books and records for each Manufacturing+ project for **7 years** after the completion of the project, and produce such books and records for checking by the Secretariat or any authorised person acting on behalf of the Government upon request.

46. If an applicant fails to comply with any requirements in the Guidance Notes and the terms and conditions stipulated in the funding agreement, the Secretariat may cease disbursement of any part of funding support to the applicant and/or shall have the right to claim for repayment of the disbursed funding in full or in part together with all administrative, legal and other costs incurred and interest accrued up to the date of repayment from the applicant. Under such circumstances, the Secretariat will inform the applicant of its decision and reasons.

47. The applicant is **not** entitled to charge any interest or claim any compensation or relief of whatsoever nature against the Secretariat or the Government for any payment made or in the event of any withholding of payment for any reason whatsoever.

Termination

48. The Government may at any time through the Secretariat terminate all or any part of the funding support by giving written notice to the applicant with immediate effect on the occurrence of any of the following events:

- (a) the applicant is in breach of any of the terms and conditions of the funding agreement;
- (b) the project fails in a material way to progress in accordance with the approved proposal;
- (c) The Secretariat forms the opinion that:
 - (i) it is unlikely that the project will be completed in accordance with the approved proposal and other requirements in the funding agreement; or
 - (ii) the project should be terminated in public interest;
- (d) the applicant terminates the project;
- (e) any material change occurs in the management, ownership or control of the applicant;
- (f) any material change occurs in the composition of the consultant or service providers referred to in the application;
- (g) the applicant engages in any conduct prejudicial to the project;
- (h) the applicant has engaged or is engaging in acts or activities that are likely to constitute or cause the occurrence of offences endangering national security or which would otherwise be contrary to the interest of national security;
- (i) the continued engagement of the applicant or the continued performance of the funding agreement is contrary to the interest of national security;
- (j) the Secretariat reasonably believes that any of the events mentioned in paragraph (g) to (i) above is about to occur; or
- (k) the passing of any resolutions, the initiation of any proceedings, or the making of any order which may result in the winding up or dissolution of the applicant (other than for the purpose of reconstruction or amalgamation) or if a receiver, provisional liquidator, liquidator or administrator is appointed in respect of the whole or any part of its assets or if the applicant makes an assignment for the benefit of or composition with its creditors generally or threatens to do any of these things or any judgement is made against the applicant or any similar occurrence under any jurisdiction that affects the applicant.

49. In the event the project is terminated by the applicant for whatever reasons, the applicant should notify the Secretariat in writing immediately to explain the reasons of termination.

Handling of Information

50. Subject to the provisions below, information provided by the applicants in their applications and final project reports will be kept by the Secretariat and/or the Government in confidence and all personal data will be handled in accordance with the relevant provisions of the Personal Data (Privacy) Ordinance (Cap. 486). In this regard, the Secretariat and the Government shall have the right to disclose, without further reference to the applicants, whenever it considers appropriate, Disclosable Information ¹¹ to other Government bureaux/departments, statutory bodies or third parties for the purposes of processing the application, conducting research and survey, compiling statistics, meeting requirements of the law and/or performing their functions, and if the application is approved, monitoring the project, disbursing funding or related purposes. Disclosure may also be made where the explicit consent to such disclosure is given by the applicant. The Secretariat and/or the Government may also use the information provided by an applicant to compile a list of suppliers and service providers of approved projects for reference by other applicants. A summary of approved projects will also be posted on relevant websites for reference. In submitting the application form, each applicant irrevocably and unconditionally authorises the Secretariat and the Government to make and consents to the Secretariat and the Government making any of the aforesaid disclosure.

51. By submitting an application, an applicant is regarded to have agreed to, and to have obtained from the project coordinator and the consultant/service provider(s)/supplier(s) and each individual whose information (including personal data) is provided in the application, his/her consent for the disclosure, use and further disclosure by the Secretariat and the Government of the information (including personal data) for the purposes set out above.

Important Notes

52. It is the responsibility of the applicant to complete an application form and the final project report timely and truthfully, and to provide all supporting documents for the application and for the disbursement of the funding payment. Inaccurate and incomplete information will

¹¹ “Disclosable Information” means any information on the application and the project including without limitation, information provided by the applicant in, and in connection with, its application under Manufacturing+, the name and address of and other information on the applicant including past applications, other projects it is undertaking/proposes to or will undertake, details of the application and the project, the project cost and the Manufacturing+ funding, the final project report, information provided by the applicant to the Secretariat and the Government and information on the applicant’s consultants, service providers and suppliers.

affect the processing of application or disbursement of funding. Any omission or misrepresentation of information may lead to rejection of applications, cancellation of applications approved, and part or full recoupment of funding awarded. It is an offence in law to obtain property/pecuniary advantage by deception or assisting persons to obtain property/pecuniary advantage under Manufacturing+. Any person who does so may be liable to legal proceedings.

53. The applicant shall conform in all respects with all applicable laws and regulations (including without limitation the Law of the People's Republic of China on Safeguarding National Security in the Hong Kong Special Administrative Region and the Safeguarding National Security Ordinance).

Prevention of Bribery

54. The applicant shall observe the Prevention of Bribery Ordinance (Cap. 201) ("PBO") and shall prohibit its project team, directors, employees, agents, consultants, contractors and other personnel who are in any way involved in the project from offering, soliciting or accepting from any person any advantages, including without limitation money, gifts, loans (as defined in the PBO) in the conduct of or in relation to the project. The applicant shall also caution its project team, directors, employees, agents, consultants, contractors and other personnel who are in any way involved in the project against soliciting or accepting any hospitality, entertainment or inducements which would impair their impartiality in relation to the project. The applicant shall take all necessary measures (including by way of a code of conduct, internal guidelines or contractual provisions where appropriate) to ensure that its project team, directors, employees, agents, consultants, contractors and other personnel who are in any way involved in the project are aware of the aforesaid prohibition and will not solicit or accept any advantages or hospitality which would impair their impartiality, etc. in the conduct of or in relation to the project. If the applicant, its project team, directors, employees, agents, consultants, contractors and other personnel who are in any way involved in the project commit an offence under the PBO in relation to a Manufacturing+ project, the ITC shall be entitled to terminate the project, cancel the funding approved, stop the disbursement of funds, recover the funds disbursed as a debt due from the applicant, and shall hold the applicant liable for any loss or damages the Government may have suffered.

Post Project Evaluation

55. The applicant shall submit a post-project evaluation report to the Secretariat six months after project completion on the extent of the project in achieving the project objective of adopting smart manufacturing technologies in upgrading the manufacturing operation or

production line. The post-project evaluation report form is available at the dedicated website for completion and returning to the Secretariat.

Assignment

56. Unless prior written approval from the Secretariat is obtained, the applicant shall **not** assign, transfer, sub-contract or otherwise dispose of any or all of its interests, rights, benefits or obligations under the funding agreement.

57. The applicant shall seek the approval of the Secretariat before engaging services of independent service providers on its own to assist it with its duties under the funding agreement, provided that the applicant shall –

- (a) **not** be relieved from any of its obligation and duties under the agreement by engaging any such independent service providers and shall remain liable to the Secretariat for the performance of such obligations and duties;
- (b) remain liable for any act or omission of any such independent service providers as if such act or omission were its own; and
- (c) secure binding obligations from all such independent service providers so as to ensure that the obligations under the agreement would be complied with.

Supplementary Notes on Eligibility

1. For the purpose of Manufacturing+, manufacturing includes the physical or chemical transformation of materials, substances, or components into new products. Substantial alteration, renovation and reconstruction of goods are generally considered to be manufacturing. Also included in this industry sector is specialised repair and maintenance of industrial and commercial machinery and equipment. Please refer to Section C – Manufacturing in the Hong Kong Standard Industrial Classification (HSIC) Version 2.0 or any more updated version (if applicable) published by Census and Statistics Department for the economic activities classified as manufacturing:

https://www.censtatd.gov.hk/en/data/stat_report/product/B2XX0005/att/B2XX0004012008XXXB0300.pdf

For the avoidance of doubt, production line refers arrangement/combination of machinery, equipment, apparatus, installations, etc. for carrying out manufacturing operations.

2. When considering whether the applicant has been carrying out manufacturing operation or running production line in Hong Kong, the Secretariat makes reference to various factors, where applicable, such as:

- nature of the manufacturing operation/production line in Hong Kong
- scale of the manufacturing operation/production line in Hong Kong
- key steps/processes of the manufacturing operation/production line in Hong Kong
- investment amount in Hong Kong
- number of employees in Hong Kong
- information of customers/clients
- year of establishment
- whether profits are assessable in Hong Kong
- information/ assessment issued by relevant financial and professional organisations
- purchase record(s) of the raw materials used for the manufacturing operation/production line
- sales record(s) of the end products of the manufacturing operation/production line
- inventory record(s) and production record(s)

- registration, licence, certification and accreditation relevant to the manufacturing operation/production line issued by government department, certification or accreditation organisations.

3. To facilitate the Secretariat's assessment of whether the applicant has been carrying out manufacturing operation or running production line in Hong Kong for at least one year at the time of making the application, the applicant may submit the following supporting documents where applicable –

Data of the Applicant	Examples of Document
Manufacturing operation/production line	Commercial contracts, invoices, receipts, bank records, records of purchase/sales of goods, factory/office tenancy/layout plan, water/electricity bills, registrations, licences, certification and accreditation by government departments and certification or accreditation organisations
Financial information	Audited account, financial report, monthly bank statements, profits tax returns and taxation assessment issued by the Inland Revenue Department
Information of employees	Mandatory Provident Fund records or approved retirement plan records, salary payment records, employees' compensation insurance records, employer's return to the Inland Revenue Department

Documents Required for Submission of Application through Manufacturing+ Dedicated Website

Applicants should upload the following documents when submitting the application through the Manufacturing+ dedicated website:

- (a) A copy of the valid **Business Registration Certificate** of the applicant.
- (b) A **copy of Form 1(a)/1(c)** of the Business Registration Office and/or the latest Annual Return of the Companies Registry (**Form NAR1**) of the applicant.
- (c) Copy of the documentary evidence proving that the applicant has been **carrying out manufacturing operations or running production line for at least one year** in Hong Kong which is **related to the project** under application at the time of application. Please refer to paragraph 3 of Annex A for details.
- (d) A copy of the valid **Hong Kong Identity Card or passport** of the person signing the application form for and on behalf of the applicant.

The following document on the e-procurement platform relating to the procurement procedures for the technology consultant/service provider(s)/external auditor in Part B(VI) of the application form will be made accessible for checking by the Secretariat in processing the application:

- (a) Copy(ies) of all the **signed probity and non-collusive quotation/tendering certificate(s)** as stipulated in paragraph 13 of the Guidance Notes.
- (b) Copy(ies) of the **quotation(s)** submitted by the bidder(s) showing their **detailed contact information** (including address, telephone number and/or email address).
- (c) Copy(ies) of the valid **Business Registration Certificates** of the bidders.