

## **Pilot Manufacturing and Production Line Upgrade Support Scheme (Manufacturing+)**

### **Notes for Auditors of Recipient Organisations**

Pursuant to the funding agreement made between the HKSAR Government/ Hong Kong Productivity Council (“HKPC”) and the Recipient Organisations (“ROs”) and the Guidance Notes for Applications of the Pilot Manufacturing and Production Line Upgrade Support Scheme (“Manufacturing+ Guide”) in respect of the Manufacturing+ project funded by the Innovation and Technology Fund, ROs are required to submit a statement of expenditure for Manufacturing+ projects to the Innovation and Technology Commission and/ or HKPC as appropriate (respectively and collectively, “the Secretariat”) according to a stipulated timeframe. The requirement to submit the statement of expenditure is to assure the HKSAR Government that:

- (a) the project funds were properly applied to the project and expended in accordance with the approved project budget; and
- (b) all information as provided in the statement of expenditure is true and correct, and in compliance with the prevailing Manufacturing+ Guide.

These notes aim to provide guidance for Auditors of ROs in conducting reasonable assurance engagements and in preparing auditors’ reports for each Manufacturing+ project.

2. In conducting a reasonable assurance engagement, the Auditors should perform such procedures<sup>1</sup> as they consider necessary in the circumstances and obtain all the information and explanations which they consider necessary in order to provide them with sufficient evidence to give their conclusion as to whether the RO has complied with, in all material respects, the requirements set by the Secretariat (including the requirements to keep proper books and records, to comply with the procurement procedures and to prepare proper statement of expenditure, and all the terms and conditions of the Manufacturing+ funding, as specified in the following documents –

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<sup>1</sup> The Auditors’ procedures would normally include:

- a. performing tests of transactions and of the existence, ownership and valuation of assets and liabilities, if any;
- b. obtaining an understanding of the accounting system and control in order to assess its adequacy as a basis for the preparation of the audited statement; and
- c. assessing significant estimates and judgments made by the RO in the preparation of the audited statement, and whether the accounting policies have followed the requirements of the Secretariat, consistently applied and adequately disclosed.

- (a) the funding agreement made between the HKSAR Government/ HKPC and the RO in respect of the project and the appendices thereto (which includes the project proposal);
- (b) the relevant Manufacturing+ Guide referred to in the funding agreement; and
- (c) all applicable instructions and correspondences issued by the Secretariat and/or any authorised person acting on behalf of the Secretariat to the RO in respect of the project.

3. The Auditors should comply with the Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued and updated from time to time by the Hong Kong Institute of Certified Public Accountants<sup>2</sup>. The following information is required in an auditors’ report prepared by the Auditors to be submitted to the Secretariat –

- (a) the Auditors should state whether, in their conclusion, the RO has complied with, in all material respects, the requirements set by the Secretariat (including the requirements to keep proper books and records, to comply with the procurement procedures and to prepare proper audited statement of the project), and all the terms and conditions of Manufacturing+ funding, as specified in documents mentioned in paragraph 2 above;
- (b) if the Auditors are of the opinion that there exists any material non-compliance as identified in paragraph 3(a) above, they should make full disclosure and quantify the effects of such non-compliance in the auditors’ report; and
- (c) if the Auditors are of the opinion that a proper and separate set of books and records have not been kept by the RO for the project, or the procurement procedures for goods and services for the purposes of the project set by Secretariat have not been followed or the statement of expenditure have not been properly prepared, or if the Auditors fail to obtain all the information and explanations which are necessary for the purpose of their reasonable assurance engagements, they should make appropriate qualifications in their auditors’ reports.

4. The Auditors should plan and conduct the reasonable assurance engagement to satisfy paragraphs 2 and 3 above. In case of any ambiguity regarding the terms and conditions contained in the funding agreement,

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<sup>2</sup> The Hong Kong Institute of Certified Public Accountants would expect its members to apply those relevant and applicable Standards set out in Hong Kong Standards on Auditing when performing “Reasonable Assurance Engagements”.

Manufacturing+ Guide and rules and regulations governing Manufacturing+ projects, Auditors should seek clarification from the Secretariat as appropriate. Any unreasonable reservation or denial of conclusion, for example, comments about ambiguity of Manufacturing+ guidelines or requirements, expressed by Auditors in the auditors' report, will be returned to ROs for rectification before re-submission.

5. The Auditors may come across during the course of their reasonable assurance engagements weaknesses/ breakdown in internal control which are considered material. They should bring to the RO's attention the details of such weaknesses/ breakdown and provide the RO with their recommendations for improvement by setting them out in a letter to the RO. A copy of such letter should be sent to the Secretariat for reference and action as appropriate.

6. Auditors are expected to follow the specimen auditors' report as attached at Annex.

Secretariat of  
Pilot Manufacturing and Production Line Upgrade Support Scheme  
December 2025

**PILOT MANUFACTURING AND PRODUCTION LINE  
UPGRADE SUPPORT SCHEME**

**SPECIMEN AUDITORS' REPORT AND  
STATEMENT OF EXPENDITURE**

**[NAME of the PROJECT]**

**[Start date of the reimbursable period (DD/MM/YYYY)] TO [end date of the reimbursable period (DD/MM/YYYY)]**

**AUDITORS' REPORT TO THE DIRECTORS OF [NAME OF THE ENTERPRISE]**

Pursuant to the funding agreement made between the [HKSAR Government or Hong Kong Productivity Council as appropriate] and [name of the enterprise] and the relevant guide to Pilot Manufacturing and Production Line Upgrade Support Scheme (Manufacturing+) referred to in the funding agreement in respect of the Manufacturing+ project funded by the Innovation and Technology Fund, we have performed a reasonable assurance engagement to report on whether [name of the enterprise] has complied with, in all material respects, the requirements set by the Innovation and Technology Commission and/ or Hong Kong Productivity Council (respectively and collectively, “the Secretariat”) (including the requirements to keep proper books and records, to comply with the procurement procedures and to prepare proper Statement of Expenditure of [name of the project] (the “Project”) for the period from [start date of the reimbursable period (DD/MM/YYYY)] to [end date of the reimbursable period (DD/MM/YYYY)] on pages .... to .... (the “Statement of Expenditure”), and all the terms and conditions of Manufacturing+ funding, as specified in the following documents:

- (a) the funding agreement made between the [HKSAR Government or Hong Kong Productivity Council as appropriate] and [name of the enterprise] in respect of the Project and the appendices thereto (which includes the Project proposal);
- (b) the Guidance Notes for Applications of Manufacturing+ referred to in the funding agreement; and
- (c) all applicable instructions and correspondences issued by the Secretariat to [name of the enterprise] in respect of the Project.

**Respective responsibilities of [name of the enterprise] and auditors**

The Secretariat requires [name of the enterprise] to comply with the requirements set by the Secretariat (including the requirements to keep proper books and records, to comply with the procurement procedures and to prepare proper Statement of Expenditure), and all the terms and conditions of Manufacturing+ funding, as specified in the documents mentioned in the above paragraph.

It is our responsibility to form an independent conclusion, based on our reasonable assurance

engagement, and to report our conclusion to you.

## **Quality Management and Independence**

Our firm applies Hong Kong Standard on Quality Management 1, which requires our firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

## **Basis of conclusion**

We conducted our reasonable assurance engagement in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the HKICPA and the latest Notes for Auditors of Recipient Organisations issued in [to be inserted as appropriate] by the Secretariat.

Our reasonable assurance engagement includes examination, on a test basis, of evidence relevant to [name of the enterprise]’s compliance with the requirements set by the Secretariat (including the requirements to keep proper books and records, to comply with the procurement procedures and to prepare proper Statement of Expenditure), and all the terms and conditions of Manufacturing+ funding, as specified in the documents mentioned in the above first paragraph. It also includes an assessment of the significant estimates and judgements made by [name of the enterprise] in the preparation of the Statement of Expenditure, and of whether the accounting policies have followed the requirements of Manufacturing+, consistently applied and adequately disclosed.

We planned and performed our reasonable assurance engagement so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give our conclusion as to whether [name of the enterprise] has complied with, in all material respects, the requirements set by the Secretariat (including the requirements to keep proper books and records, to comply with the procurement procedures and to prepare proper Statement of Expenditure), and all the terms and conditions of Manufacturing+ funding, as specified in the documents mentioned in the above first paragraph. In forming our conclusion, we also evaluated the overall adequacy of the presentation of information in the Statement of Expenditure. We believe that our reasonable assurance engagement provides a reasonable basis for our conclusion.

## **Conclusion**

Based on the foregoing, in our opinion, [name of the enterprise] has complied with, in all material respects, the requirements set by the Secretariat (including the requirements to keep

proper books and records, to comply with the procurement procedures and to prepare proper Statement of Expenditure), and all the terms and conditions of Manufacturing+ funding, as specified in the documents mentioned in the above first paragraph.

### **Use of this report**

This report is intended for filing by [name of the enterprise] with the Secretariat, and is not intended to be, and should not be, used by anyone except the above two parties for any other purposes.

[Name of the auditing firm]  
Certified Public Accountants (Practising)  
Hong Kong  
[Date]

## STATEMENT OF EXPENDITURE

STATEMENT OF EXPENDITURE BY [NAME OF THE ENTERPRISE]

[NAME OF THE PROJECT]

[Start date of the reimbursable period (DD/MM/YYYY)] TO [end date of the reimbursable period (DD/MM/YYYY)]

<b><u>Expenditure</u></b>	<b><u>(HK\$)</u></b>
(I) Technology Consultancy	
[Name of expenditure item xx]	xxx,xxx
[Name of expenditure item xx]	xxx,xxx
[Name of expenditure item xx]	xxx,xxx
	<hr/>
	xxx,xxx
	<hr/>
(II) Customised Items	
[Name of expenditure item xx]	xxx,xxx
[Name of expenditure item xx]	xxx,xxx
[Name of expenditure item xx]	xxx,xxx
	<hr/>
	xxx,xxx
	<hr/>
(III) Off-the-Shelf/Readily Available Items	
[Name of expenditure item xx]	xxx,xxx
[Name of expenditure item xx]	xxx,xxx
[Name of expenditure item xx]	xxx,xxx
	<hr/>
	xxx,xxx
	<hr/>
(IV) External Audit Fee	xxx,xxx
	<hr/>
	xxx,xxx
	<hr/>
<b>Total Expenditure</b>	<hr/>
	<b>x,xxx,xxx</b>
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**Approved and authorised for issue on behalf of [name of the enterprise] on [date] by**

[Signature]\_\_\_\_\_

[Enterprise Chop]\_\_\_\_\_

Name:

Post Title: