

Audited Accounts
Hong Kong Productivity Council -
Demonstration Project on Application of Advanced
Wastewater Treatment Technologies for Local Pig Farms
(Ref. No.: SADF – 0013)
For the period from 1 January 2019 (date of commencement) to
30 June 2021 (date of completion)





Independent Auditor's Report

To the Council Members

Hong Kong Productivity Council (the "Council") - Demonstration Project on Application of Advanced Wastewater Treatment Technologies for Local Pig Farms (the "Project")

Pursuant to the project agreement made between the Government of the Hong Kong Special Administrative Region ("HKSAR") and the Council and the Sustainable Agricultural Development Fund ("SADF") - Application Guidelines in respect of the SADF project under the SADF dated 10 December 2018 ("Agreement"), we have undertaken a reasonable assurance engagement on the final accounts of the Project as set out on pages 3 to 7 which comprise the income and expenditure statement, balance sheet, cash flow statement for the period from 1 January 2019 (date of commencement) to 30 June 2021 (date of completion), and notes to the accounts (the "Project Accounts").

Council Members' Responsibilities

Pursuant to the Agreement, the Council Members are to comply with the requirements (including the requirements to keep proper books and records and to prepare proper Project Accounts), and all the terms and conditions of the SADF, as specified in the following documents:

- (a) the Agreement in respect of the Project and the appendices thereto (which include the Project proposal);
- (b) the relevant "SADF - Application Guidelines" referred to in the Agreement; and
- (c) all instructions and correspondences issued by the Director of Agriculture, Fisheries and Conservation ("DAFC") to the Council in respect of the Project.

Our Independence and Quality Control

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 (the "HKICPA"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We apply Hong Kong Standard on Quality Control 1 (Clarified) "*Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*" issued by the HKICPA and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.



Independent Auditor's Report

To the Council Members

Hong Kong Productivity Council (the "Council") - Demonstration Project on Application of Advanced Wastewater Treatment Technologies for Local Pig Farms (the "Project")

Auditor's Responsibility

Our responsibility is to express an opinion on the Project Accounts, based on our work performed and to report our opinion.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised), *Assurance Engagement Other Than Audits or Reviews of Historical Financial Information* issued by the HKICPA and with reference to the Notes for Auditors of Recipient Organisations issued in November 2016 by the SADF Secretariat (the "Notes"). We have planned and performed our work to obtain reasonable assurance for giving our opinion below.

Our engagement includes performing the procedures set out in the Notes and examination, on a test basis, of evidence supporting the requirements (including the requirements to keep proper books and records and to prepare proper Project Accounts), and all the terms and conditions of the SADF, as specified in the documents mentioned in the Council Members' Responsibilities section have been complied with, in all material respects.

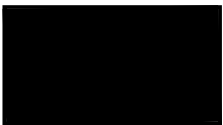
We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

Based on the foregoing, in our opinion, the Council has complied with, in all material respects, the requirements set by DAFC (including the requirements to keep proper books and records and to prepare proper Project Accounts), and all the terms and conditions of the SADF, as specified in the documents mentioned in the Council Members' Responsibilities section.

Intended Users and Purpose

This report is intended for filing with the Government of the HKSAR pursuant to the Agreement and is not intended to be, and should not be, distributed to or used by, anyone for any other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of our report.



Certified Public Accountants
Hong Kong, 15 FEB 2022



Practising Certificate number: 

**Hong Kong Productivity Council (the “Council”) -
 Demonstration Project on Application of Advanced Wastewater Treatment
 Technologies for Local Pig Farms (the “Project”)**

Income and Expenditure Account

Period from 1 January 2019 (date of commencement) to 30 June 2021 (date of completion)

	<i>Note</i>	Period from 1 January 2021 to 30 June 2021 (date of completion) <i>HK\$</i>	Period from 1 January 2019 (date of commencement) to 31 December 2020 <i>HK\$</i>	Period from 1 January 2019 (date of commencement) to 30 June 2021 (date of completion) <i>HK\$</i>
INCOME				
Funding from SADF	2	-	4,717,252.00	4,717,252.00
Interest income		<u>437.59</u>	<u>2,052.03</u>	<u>2,489.62</u>
Total income		<u>437.59</u>	<u>4,719,304.03</u>	<u>4,719,741.62</u>
EXPENDITURE				
Other direct costs		<u>886,738.05</u>	<u>4,051,409.92</u>	<u>4,938,147.97</u>
Total expenditure		<u>886,738.05</u>	<u>4,051,409.92</u>	<u>4,938,147.97</u>
(Deficit) Surplus for the period		<u><u>(886,300.46)</u></u>	<u><u>667,894.11</u></u>	<u><u>(218,406.35)</u></u>

**Hong Kong Productivity Council (the "Council") -
 Demonstration Project on Application of Advanced Wastewater Treatment
 Technologies for Local Pig Farms (the "Project")**

Balance Sheet

At 30 June 2021

	At 30 June 2021 HK\$	At 31 December 2020 HK\$
ASSETS AND LIABILITIES		
Current assets		
Interest receivable	35.70	99.51
Bank balances	<u>1,442,645.11</u>	<u>3,900,131.19</u>
	<u>1,442,680.81</u>	<u>3,900,230.70</u>
Current liabilities		
Creditors and accruals	<u>1,661,087.16</u>	<u>3,232,336.59</u>
NET (LIABILITIES) ASSETS	<u><u>(218,406.35)</u></u>	<u><u>667,894.11</u></u>
Represented by:		
ACCUMULATED (DEFICIT) SURPLUS	<u><u>(218,406.35)</u></u>	<u><u>667,894.11</u></u>

Approved by the Executive Director on behalf of Hong Kong Productivity Council on

15 FEB 2022



Executive Director



Chief Financial Officer,
 Finance & Procurement Division

**Hong Kong Productivity Council (the “Council”) -
Demonstration Project on Application of Advanced Wastewater Treatment
Technologies for Local Pig Farms (the “Project”)**

Cash Flow Statement

Period from 1 January 2019 (date of commencement) to 30 June 2021 (date of completion)

	Period from 1 January 2021 to 30 June 2021 (date of completion) HK\$	Period from 1 January 2019 (date of commencement) to 31 December 2020 HK\$	Period from 1 January 2019 (date of commencement) to 30 June 2021 (date of completion) HK\$
OPERATING ACTIVITIES			
(Deficit) Surplus for the period	(886,300.46)	667,894.11	(218,406.35)
Interest income	(437.59)	(2,052.03)	(2,489.62)
Changes in working capital: (Decrease) Increase in creditors and accruals	<u>(1,571,249.43)</u>	<u>3,232,336.59</u>	<u>1,661,087.16</u>
Net cash (used in) generated from operating activities	<u>(2,457,987.48)</u>	<u>3,898,178.67</u>	<u>1,440,191.19</u>
INVESTING ACTIVITY			
Interest received	<u>501.40</u>	<u>1,952.52</u>	<u>2,453.92</u>
Net cash from investing activity	<u>501.40</u>	<u>1,952.52</u>	<u>2,453.92</u>
Net (decrease) increase in cash and cash equivalents	<u>(2,457,486.08)</u>	<u>3,900,131.19</u>	<u>1,442,645.11</u>
Cash and cash equivalents at beginning of the reporting period	<u>3,900,131.19</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents at end of reporting period, represented by bank balances	<u><u>1,442,645.11</u></u>	<u><u>3,900,131.19</u></u>	<u><u>1,442,645.11</u></u>

Hong Kong Productivity Council (the "Council") - Demonstration Project on Application of Advanced Wastewater Treatment Technologies for Local Pig Farms (the "Project")

Notes to the Accounts

Period from 1 January 2019 (date of commencement) to 30 June 2021 (date of completion)

1. PRINCIPAL ACCOUNTING POLICIES

These accounts have been prepared in accordance with the Sustainable Agricultural Development Fund ("SADF") accounting requirements, as specified in the following documents:

- the project agreement made between the Government of the Hong Kong Special Administrative Region (the "Government") and the Council (the "Agreement") in respect of the Project and the appendices thereto (which includes the Project proposal);
- the relevant "SADF Application Guidelines" (the "Guide") referred to in the Agreement; and
- all instructions and correspondences issued by the Director of Agriculture, Fisheries and Conservation to the Council in respect of the Project.

A summary of the principal accounting policies adopted by the Council is set out below.

Basis of preparation

The measurement basis used in the preparation of the accounts is historical cost.

Revenue recognition

Funding from SADF is recognised when the Council's rights to receive payment has been established.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

2. FUNDING FROM SADF

The Council entered into the Agreement with the Government on 10 December 2018 that a fund under SADF in the sum of HK\$4,950,000.00 to be made available by the Government to the Council for the carrying out and completion of the Project of which HK\$4,717,252.00 was received and recognised as income. Pursuant to the Guide, an amount of HK\$218,406.35 (after deducted the interest income of HK\$2,489.62 and expense underspent of HK\$11,852.03) was not recognised in the Project account. An amount of HK\$3,765,746.00 was received and deposited into a designated bank account before the commencement date of the Project.

Hong Kong Productivity Council (the "Council") - Demonstration Project on Application of Advanced Wastewater Treatment Technologies for Local Pig Farms (the "Project")

Notes to the Accounts

Period from 1 January 2019 (date of commencement) to 30 June 2021 (date of completion)

3. DETAILED INCOME AND EXPENDITURE ACCOUNTS

	批准預算 港幣	批准修訂 港幣	批准修訂 預算 港幣	由 2021 年 1 月 1 日至 2021 年 6 月 30 日 (結束日期) 期間實際 收入/開支 港幣	由 2019 年 1 月 1 日 (開始日期)至 2020 年 12 月 31 日 期間實際 收入/開支 港幣	由 2019 年 1 月 1 日 (開始日期)至 2021 年 6 月 30 日 (結束日期) 期間實際 收入/開支 港幣	批准修訂 預算減實際 收入/開支 港幣
收入							
農業持續發展基金撥款	4,950,000.00	-	4,950,000.00	-	4,717,252.00	4,717,252.00	232,748.00
利息收入	-	-	-	437.59	2,052.03	2,489.62	(2,489.62)
總收入	4,950,000.00	-	4,950,000.00	437.59	4,719,304.03	4,719,741.62	230,258.35
開支							
其他直接成本							
<u>營運 / 活動 / 研究開支</u>							
(i) DNA 測序分析							
1. 從樣本中處理及提取 DNA	20,000.00	-	20,000.00	20,000.00	-	20,000.00	-
2. 測序文庫試劑和制劑	40,000.00	-	40,000.00	40,000.00	-	40,000.00	-
3. 運用 Illumina MiSeq (DNA 測序儀器)進行測序	40,000.00	-	40,000.00	40,000.00	-	40,000.00	-
4. 通過申請機構專門的工作流程進行生物資訊分析	50,000.00	-	50,000.00	50,000.00	-	50,000.00	-
(ii) 污水處理系統							
5. 前處理 + 生化處理 (所有水缸用 PE 缸)	867,400.00	-	867,400.00	15,277.60	851,816.99	867,094.59	305.41
6. 污泥厭氧消化產沼氣	242,000.00	(13,887.82)	228,112.18	-	228,112.18	228,112.18	-
7. 污泥脫水	144,300.00	-	144,300.00	58,098.90	84,732.26	142,831.16	1,468.84
8. 自動控制 / 遠程監控	319,000.00	-	319,000.00	316,233.12	2,692.97	318,926.09	73.91
9. 系統安裝	593,380.00	70,000.00	663,380.00	104,394.84	558,889.30	663,284.14	95.86
10. 地台	236,000.00	(19,000.00)	217,000.00	-	217,000.00	217,000.00	-
11. 合約操作人員	180,000.00	-	180,000.00	-	180,000.00	180,000.00	-
<u>員工開支</u>							
12. 首席顧問	288,000.00	-	288,000.00	35,052.55	252,921.54	287,974.09	25.91
13. 高級顧問	409,920.00	-	409,920.00	60,644.82	349,251.66	409,896.48	23.52
14. 顧問	595,200.00	(10,600.00) (i)	584,600.00	79,116.24	505,404.62	584,520.86	79.14
15. 助理顧問	268,800.00	12,200.00	281,000.00	-	280,843.92	280,843.92	156.08
16. 項目主任	456,000.00	1,000.00	457,000.00	-	456,835.68	456,835.68	164.32
<u>行政開支</u>							
17. 樣本運輸費用	135,000.00	(67,600.00) (i)	67,400.00	33,531.50	28,562.35	62,093.85	5,306.15
18. 審計費	28,000.00	-	28,000.00	8,400.00	16,400.00	24,800.00	3,200.00
19. 化學品	26,000.00	10,000.00	36,000.00	10,873.45	24,325.28	35,198.73	801.27
20. 講座及實地考察	10,000.00	17,887.82	27,887.82	14,168.31	13,621.17	27,789.48	98.34
21. 小冊子	1,000.00	-	1,000.00	946.72	-	946.72	53.28
總開支	4,950,000.00	-	4,950,000.00	886,738.05	4,051,409.92	4,938,147.97	11,852.03
(虧損)/盈餘	-	-	-	(886,300.46)	667,894.11	(218,406.35)	(218,406.35)

(i) The related variation was approved after the end of the reporting period.