



Innovation and Technology Commission

Guide to Filling in the Application Form for Public Sector Trial Scheme for Incubatees & Graduate Tenants of Hong Kong Science & Technology Parks Corporation and Hong Kong Cyberport Management Company Limited

This Guide provides details on preparing funding applications for the “**Public Sector Trial Scheme**” for Hong Kong Science and Technology Parks Corporation (HKSTPC) and Hong Kong Cyberport Management Company Limited (Cyberport) incubatees and graduate tenants (PSTS-SPC).

2. Unless stated otherwise in this Guide, applicants should follow the general rules set out in this Guide, and supplementary information and guidelines issued by the Innovation and Technology Commission (ITC) from time to time. Please check the website of the Innovation and Technology Fund (ITF) (www.itf.gov.hk) for any latest update before submission.
3. Applications are open all year round.
4. If you have any question on this Guide and the application form, please contact –

PSTS-SPC Secretariat
Innovation and Technology Commission
10/F, Rykadan Capital Tower
135 Hoi Bun Road, wun Tong, Kowloon, Hong Kong
Tel : (852) 3655 5678
E-mail : pstsspc_app@itc.gov.hk

PSTS-SPC Secretariat
Innovation and Technology Commission
May 2019

General

Objective

1. To strengthen the local start-up ecosystem, the funding scope of the ITF has been extended to cover production of prototypes/samples **and/or** conducting of trials in the public sector by incubatees and graduate tenants¹ of HKSTPC and Cyberport.

Eligibility

2. The applicant should be a current incubatee or graduate tenant of HKSTPC or Cyberport. The research and development (R&D) outcomes for trials need to be developed by the incubatees or graduate tenants, and should align with their business plans. The applicant should ensure that the funding approved under the PSTS-SPC will be used strictly for the said purposes. Otherwise, prior approval by ITC would be required.

3. The production of prototypes/samples and/or conducting of trials under the PSTS-SPC (the project) should aim to facilitate the development of new products not already available in the market currently, and should employ the R&D results/deliverables developed by the applicant itself.

4. The participating public sector organisation(s) should support in writing to join the PSTS-SPC and indicate in the authorised letter:

- (a) its willingness to participate in the post-project user's evaluation to be arranged by the applicant; and
- (b) it recognises that ITC holds no responsibility with the prototypes/samples to be produced and/or the trials to be conducted by the applicant, and that ITC is not involved in the implementation and administration of the original R&D project.

¹ Graduate tenants refer to graduates from the incubation programmes who have then become tenants of HKSTPC and Cyberport.

5. Applicants applying for the PSTS-SPC are encouraged to first seek support from HKSTPC or Cyberport before submitting their applications.

Funding Support

6. The maximum ITF grant would be \$1,000,000 for each application. To ensure proper focus on project implementation, an applicant should not carry out multiple projects under the PSTS-SPC in parallel.

7. Use of samples/prototypes and/or conducting of trials are confined to the local public sector which includes Government bureaux and departments, statutory bodies and/or Hong Kong Government subvented non-governmental bodies in the welfare sector.

8. The trials in general cannot be conducted outside Hong Kong. The applicants are required to provide justifications to demonstrate the needs or the reasons if the trials are to be conducted outside Hong Kong for ITC's consideration and approval.

9. The trials should not have received direct subsidy from any other Hong Kong public funding.

Submission of Applications

10. Please complete and submit the application form electronically through the Innovation and Technology Commission Funding Administrative System (ITCFAS) (<https://itcfas.itf.gov.hk>) to apply for funding under the PSTS-SPC. In case of difficulties, please contact the PSTS-SPC Secretariat.

11. Applicants are required to provide all necessary information with the consent of all parties concerned, in particular authorised letters of support/consent from the public sector organisation(s) and other participating/supporting organisations involved (e.g. universities, individual companies, etc.).

12. ITC reserves the right to seek additional information where necessary. If the applicant fails to respond/submit the revised project proposal and/or clarifications, information and documents requested by ITC as appropriate within 3 months, the proposal will be considered as withdrawn with immediate effect.

13. ITC will consider the application and the applicant will be notified of the result of its application in writing. Withdrawal of an application should be made by the applicant in writing to the PSTS-SPC Secretariat as soon as possible and in any case before the project agreement is signed.

Insurance and Indemnity

14. If the project involves using background intellectual property (IP) of a third party, the applicant should indicate in the application form whether the consent/licence for use of such IP has been obtained. The applicant shall indemnify and keep indemnified the Government (similar to the requirement for ITF projects) from and against any claims, actions, loss, investigations, demands and all liabilities from carrying out the PSTS-SPC project and the use and retention of any materials deployed in the trials. This includes the procurement of necessary insurance policies by the applicant or any other measures which the applicant considers appropriate.

15. ITC holds no responsibility with the prototypes/samples to be produced and/or the trials to be conducted by the applicant, and that ITC is not involved in the implementation and administration of the original R&D project. The applicant should ensure that the scope of the project is within the ambit of the PSTS-SPC and the implementation is in compliance with the relevant requirements in this Guide.

Part A The Applicant

1. The applicant should enclose an authorised letter of consent/support from the public sector organisation(s) agreeing to the conducting of the trials including the scope, duration, its involvement/support and undertaking to provide user feedback.

2. Upon funding approval by ITC, the applicant will enter into a project agreement with the Government and is required to comply with the terms and conditions therein, including monitoring the project progress and expenditure, submission of reports and audited accounts, etc. Applicants are responsible for drawing up and entering into separate agreements with other concerned parties involved as deemed necessary.

3. The Project Co-ordinator shall:
 - (a) oversee the carrying out of the project and ensure that all the terms and conditions of this Guide and all the requirements relating to the project as may from time to time be prescribed by the Commissioner for Innovation and Technology (CIT) in writing are complied with;
 - (b) monitor the prudent, efficient and proper use of the project funding to ensure that the project funding is expended in accordance with the budget of the project set out in the project proposal;
 - (c) exercise economy in the use of the project funding and ensure that the project funding is spent in the most cost-effective manner;
 - (d) liaise with ITC, HKSTPC and Cyberport on matters relating to the project; and
 - (e) attend monitoring visits of the project as may be convened by HKSTPC and Cyberport from time to time.

4. Within a period of 2 months after project completion, the applicant is required to submit an evaluation report on how the project facilitates the realisation and

commercialisation of the R&D results, including the wider benefit to the community to be brought about by putting the R&D results into application, using the latest version of the proforma available on ITCFAS.

Part B Production of Prototypes/Samples or Conducting of Trials

I. Purpose

1. The applicant must provide details of the R&D outcomes, the proposed trial project, and how the production of prototypes/samples and/or conducting of trials can enhance the prospects for the R&D results to be applied (e.g. enhancing the chance of adoption in the public sector, technology transfer to industry or product development), including the wider benefit to the community to be brought about by putting the R&D results into application.
2. The applicant should explain the follow-up on the results of the trials (e.g. how to make use of the trial results/report from public sector users to promote commercialisation of the R&D results, further R&D collaboration, etc.).
3. During the project period, the prototypes/samples produced or equipment purchased for conducting the trials (hereafter collectively known as “materials for trials”) should not be used other than for the original purposes as approved by ITC. In any case where proceeds are generated from the materials for trials (regardless whether they have been used or not) during the project period, the applicant should inform ITC as soon as possible and return the proceeds to the Government.
4. As regards the disposal of materials for trials after project completion, the applicant must set out in the application form the proposed disposal arrangement. Generally speaking, they should be used and retained by the participating public sector organisation(s). The use and retention of the materials for trials by the applicant within two years after project completion are subject to the rules set out in paragraph 5 below.
5. For an applicant intending to retain and use the materials for trials within two years after project completion, it should explain in its application to ITC how, where and for what purposes such materials will be used or retained. It should also provide justifications for retaining and using the materials for trials (e.g. why this is the best way to help commercialise such a technology or R&D result or to bring the best benefit to the community at large, and set out the relevant arrangement to keep the

equipment in safe custody for the said purpose, etc.), together with the documentary proof of consent of the participating public sector organisation(s). Where necessary, ITC reserves the right to require the applicant to transfer any prototypes/samples to a designated party (e.g. a public sector organisation) after project completion.

6. All proceeds obtained by an applicant from the use or disposal of materials for trials within two years after project completion ought to be returned to the Government. It remains the responsibility of the applicant to report to ITC, as soon as possible, any proceeds so received or any deviation from the original application of the disposal arrangement regarding the materials for trials. ITC reserves the right to seek information from the applicant to confirm the actual disposal of the materials for trials.

7. The project should in general be completed within one year.

II. Budget

Project Expenditure

1. The total project cost is the sum of all estimated expenditure to be incurred during the project period.

2. Unless otherwise agreed by ITC, the project funding would only cover costs incurred exclusively for the production of prototypes/samples (including the cost to customise the project deliverables) and conducting of trials. Internal administrative charges and overheads (except insurance costs) incurred by the applicant, the organisation(s) conducting the trials or any other parties are not allowed.

3. As a general rule, manpower costs related to the project should not exceed 50% of the total project cost. Project funding would not cover the emolument to the existing staff of an organisation/a company undertaking the project unless ITC's prior consent has been obtained.

4. The maximum funding support allowed for a final audited account of a project costing less than \$1 million, between \$1 million and \$5 million and more than \$5 million should not be more than \$8,000, \$14,000 and \$20,000 respectively.

5. Project funding **cannot** be used to cover costs like –

- (a) building facilities (including office, laboratory, accommodation) – rates, rental, renovation, and operation, repair and maintenance expenses;
- (b) costs of setting up office or forming association/consortium;
- (c) utilities – charges for electricity, gas, water, telephone and fax;
- (d) transport – shuttle bus services and home to workplace travelling expenses;
- (e) general administration and office expenses;
- (f) staff-related costs – provident fund handling charges, staff training and development costs and staff facilities;
- (g) entertainment expenses, and any prizes, either in the form of cash or other types of souvenirs;
- (h) advertisement (except for disseminating project deliverables, or staff recruitment);
- (i) organisation of trade missions and participation fees at study/trade missions for individuals/companies; and
- (j) capital financing expenses (e.g. mortgage and interest on loans/overdrafts).

6. The list of unallowable cost items set out above is NOT exhaustive. The applicant should consult the PSTS-SPC Secretariat if it has any doubts about whether an item could be funded under PSTS-SPC.

7. Applicants are encouraged to use their own money to make extra samples to be given to their own potential clients for trials to enhance the chance of commercialisation.

Fund Disbursement

8. There will be no initial payment to the applicant. Within two months after completion of the trial project, the applicant should submit the following electronically to ITC for reimbursement of the approved funding:

- (a) an application for reimbursement for actual expenditure;
- (b) evaluation report; and
- (c) an audited account for the project from an independent auditor.

III. Key Details

Production of Prototypes/Samples

1. The applicant should set out the basis for determining the amount of prototypes or samples, source of procurement/production (including quotation where applicable) and the cost involved. Generally speaking, the applicant should ensure that all procurement of goods and services is carried out in an unbiased and fair manner and must comply with the following procedures and relevant ITF guidelines in handling procurement of goods/services and staffing matters.

Aggregated value of each procurement	Requirement
\$50,000 and below	Quotations from at least two suppliers
Above \$50,000 to \$1,400,000	Quotations from at least five suppliers
Above \$1,400,000	Open tender

2. In case the applicant needs to procure goods or services from one company/organisation/individual without a competitive process, it has to provide details,

justifications and its relationship with the company/organisation/individual in the application form for ITC's prior approval.

Conducting and Location of Trials

3. Where trials will be conducted, applicants should work out, in consultation with the public sector organisation(s), the location of trials to be conducted, timeframe, milestones and expected results, etc.
4. In order to evaluate the project progress, monitoring visits to the applicant would be arranged by HKSTPC or Cyberport on a regular basis. ITC may join the visits as necessary.

Changes to Approved Project

5. An approved project is required to be carried out strictly in accordance with the final proposal appended to the project agreement. Any modification, amendment or addition to the project or the agreement, including change of the project commencement or completion date², project coordinator or key equipment, scope, methodology or budget, will require prior approval by ITC. The project coordinator should inform ITC well in advance by submitting a change request electronically through the ITCFAS.
6. Where the cumulative deviation of expenditure for a category does not exceed 30% of the original approved budget and does not result in any increase in the total approved project cost and the total amount of ITF grant requested, prior approval from ITC is not required. However, any virement as a result and the underlying reasons should be reported in the final report. If the deviation exceeds 30% of the original approved budget, prior approval from ITC is required and such request should be made electronically through the ITCFAS.

² The commencement and completion dates are specified in the project agreement.