



# Innovation and Technology Commission

## Guide to Filling in the Application Form for Public Sector Trial Scheme for Technology Companies Conducting Research and Development (R&D) Activities in Hong Kong

This Guide provides details on preparing funding applications for the “Public Sector Trial Scheme” for technology companies conducting R&D activities in Hong Kong (PSTS-TC).

2. Unless stated otherwise in this Guide, applicant companies 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](http://www.itf.gov.hk)) for any latest update before submission. For PSTS-ITF (for eligible ITF-funded R&D projects) and PSTS-SPC (for Hong Kong Science and Technology Parks Corporation and Hong Kong Cyberport Management Company Limited incubatees and graduate tenants), please refer to the [PSTS-ITF Application Guide](#) and [PSTS-SPC Application Guide](#) respectively.

3. Applications are open all year round.

4. If you have any question on this Guide and the application form, please contact

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## General

### Objective

To strengthen the local R&D ecosystem, the funding scope of the PSTS has been extended to cover production of prototypes/samples **and/or** conducting of trials in the local public sector by all technology companies conducting R&D activities in Hong Kong.

### Eligibility

2. The applicant should be a technology company incorporated in Hong Kong under the Companies Ordinance (Cap. 622) or registered in Hong Kong under the Business Registration Ordinance (Cap. 310) which is conducting R&D activities (see definition below) in Hong Kong. The technology company must not be a government subvented organisation or a subsidiary of any government subvented organisation<sup>1</sup>. ITC reserves at all times the right to determine whether an entity is eligible to apply for funding under PSTS-TC. The R&D outcomes for trial need to be owned by the applicant company and developed by the applicant company primarily in Hong Kong and should align with its business plans. The applicant company should ensure that the funding approved under the PSTS-TC will be used strictly for the project concerned. Otherwise, prior approval by ITC would be required.

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

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

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<sup>1</sup> A government subvented organisation means an organisation that receives grant from the government on a recurrent basis. The grant contributes towards the organisation's operational expenses, in exchange of its service to the public. The recurrent grant 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.

- (a) its willingness to participate in the trial project and the post-project user's evaluation to be arranged by the applicant company; 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 company, and that ITC is not involved in the implementation and administration of the original R&D project.
5. For the purpose of the PSTS-TC, an R&D activity is –
- (a) an activity in the fields of natural or applied science to extend knowledge;
  - (b) an original and planned investigation carried on with the prospect of gaining new scientific or technical knowledge and understanding; or
  - (c) the application of research findings or other knowledge to a plan or design for producing or introducing new or substantially improved materials, devices, products, processes, systems or services before they are commercially produced or used.
6. In general, an R&D activity takes place when a project seeks to achieve an advance in science or technology. Any activity which does not directly contribute to achieving this advance in science or technology through the resolution of scientific or technological uncertainty is not an R&D activity. The following activities are NOT considered to be R&D activities for the purpose of the PSTS-TC -
- (a) any efficiency survey, feasibility study, management study, market research or sales promotion;
  - (b) the application of any publicly available research findings or other knowledge to a plan or design, with an anticipated outcome and without any scientific or technological uncertainty;
  - (c) an activity that does not seek to directly contribute to achieving an advance in science or technology by resolving scientific or technological uncertainty;
  - (d) any work to develop the non-scientific or non-technological aspect of a new or substantially improved material, device, product, process, system or service;
  - (e) quality control;
  - (f) routine testing of materials, devices, products, processes, systems or services;
  - (g) routine data collection;

- (h) routine, cosmetic or stylistic modifications or changes to materials, devices, products, processes, systems or services;
- (i) market survey for the purpose of ascertaining the needs of customers where no systematic, investigative or experimental activity is involved; and
- (j) production and distribution of goods and services.

The list above is by no means exhaustive.

### **Funding Support**

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

8. 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.

9. The project in general cannot be conducted outside Hong Kong. The applicant company is required to provide justifications to demonstrate the needs or the reasons if part of the project is to be conducted outside Hong Kong for ITC's consideration and approval.

10. The production of prototypes/samples and the conducting of trials should not have received subsidy from any other Hong Kong public funding.

### **Submission of Applications**

11. 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-TC. In case of difficulties, please contact the PSTS-TC Secretariat.

12. Applicant companies 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.).

13. ITC reserves the right to seek additional information where necessary. If the applicant company 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.

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

### **Insurance and Indemnity**

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

16. ITC holds no responsibility with the prototypes/samples to be produced and/or the trials to be conducted by the applicant company, and that ITC is not involved in the implementation and administration of the original R&D project. The applicant company should ensure that the scope of the project is within the ambit of the PSTS-TC and the implementation is in compliance with the project agreement (see below) .

### **Important Note**

17. The applicant shall conform in all respects with all legislation (including the Law of the People's Republic of China on Safeguarding National Security in the Hong Kong Special Administrative Region), regulations and by-laws of the Hong Kong Special Administrative Region in carrying out the project.

## ***Part A The Applicant***

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

2. Upon funding approval by ITC, the applicant company 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. Applicant companies 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 the project agreement 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 proposal as approved by ITC;
- (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 on matters relating to the project; and
- (e) attend monitoring visit(s) of the project as may be convened by ITC from time to time.

4. Within a period of 2 months after project completion, the applicant company is required to submit a project evaluation report on how the project facilitates the realisation and commercialisation of the R&D results, and 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.

5. The applicant shall observe the Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong) and shall advise its employees, sub-contractors, agents and other personnel who are in any way involved in the project that they are not allowed to offer to or solicit or accept from any person any money, gifts or advantages as defined in the Prevention of Bribery Ordinance in the conduct of or in relation to the project.

### **I. Purpose**

The applicant company must provide details of the R&D outcomes, the proposed trial plan, 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), and the wider benefit to the community to be brought about by putting the R&D results into application. **The R&D outcomes for trial must be owned by the applicant company and developed by the applicant company primarily in Hong Kong.**

2. The applicant company should explain the follow-up on the trial results (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 company 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 company 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 company within two years after project completion are subject to the rules set out in paragraph 5 below.
5. For an applicant company 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 is this 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 company 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 company 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 company 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 company 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

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 could 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 company, the organisation(s) in which the trials are conducted 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 could not cover the emolument to the existing staff of an organisation/a company participating in/undertaking the project unless ITC's prior consent has been obtained.

4. The maximum funding support allowed for a final audited accounts 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 company should consult the PSTS-TC Secretariat if it has any doubts about whether an item could be funded under PSTS-TC.

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

### **Fund Disbursement**

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

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

### III. Key Details

#### Production of Prototypes/Samples

The applicant company should set out the basis for determining the amount of prototypes and/or samples, source of procurement/production (including quotation where applicable) and the cost involved. Generally speaking, the applicant company 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.

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

2. The applicant company should make reference to the guidelines of the Independent Commission Against Corruption (ICAC)<sup>2</sup> and Competition Commission (CC)<sup>3</sup> in preparing the quotation/tender invitation document. In particular, the

<sup>2</sup> The ICAC has published a booklet "Strengthening Integrity and Accountability – Government Funding Schemes Grantee's Guidebook" providing applicants with a practical set of guidelines in utilising the funds, including sample probity clauses and anti-collusion clauses. Softcopy of the Guidebook is available on ICAC's website ([http://www.icac.org.hk/filemanager/en/Content\\_1031/GranteeBPC.pdf](http://www.icac.org.hk/filemanager/en/Content_1031/GranteeBPC.pdf)). Applicant companies are advised to make reference to the best practices in the Guidebook in utilizing government funds and contact the Corruption Prevention Advisory Service of ICAC (Tel: 2526 6363) for any questions concerning the Guidebook or if they need any corruption prevention advice.

<sup>3</sup> The CC has published the "Getting the most from your tender" brochure providing enterprises with a practical set of guidelines in ensuring an open and effective tendering process by preventing and detecting possible bid-rigging cartels. Softcopy of the brochure is available on CC's website ([https://www.compcomm.hk/en/media/reports\\_publications/files/Competition%20Com\\_E\\_PamphletPart%202.pdf](https://www.compcomm.hk/en/media/reports_publications/files/Competition%20Com_E_PamphletPart%202.pdf)). Applicant companies are advised to contact the CC (Tel: 3462 2118) for any questions concerning the brochure. CC has also published model non-collusion clauses and model non-collusive tendering certificate for reference, which are available at [https://www.compcomm.hk/en/media/press/files/Model\\_Non\\_Collusion\\_Clauses\\_and\\_Non\\_Collusive\\_Tendering\\_Certificate\\_Eng.pdf](https://www.compcomm.hk/en/media/press/files/Model_Non_Collusion_Clauses_and_Non_Collusive_Tendering_Certificate_Eng.pdf)

applicant should (i) ensure that a probity clause, an anti-collusion and anti bid-rigging clause are included in the quotation/tender invitation document; and (ii) request each bidder/tenderer to sign a probity and non-collusive quotation/tending certificate as part of their quotation or tender submission to the applicant company.

3. The applicant company should not engage a service provider/supplier the owners, shareholders or management of which are the owners, shareholders or management of the applicant company or their relatives. In addition, service providers/suppliers may not provide loans to applicants for carrying out PSTS-TC projects. The applicant company or any person/ staff authorised by the applicant company to handle the procurement exercises should also be required to declare that they have no conflict of interest, or otherwise should not participate in the procurement process. The applicant company is required to report cases of conflict of interest, including actions taken, to ITC in writing.

4. In the selection of service providers/suppliers, the applicant company should take into account the company's technical capability and track record in similar projects. Upon request of ITC, the applicant company shall provide full justifications for shortlisted or selected service providers/suppliers, including but not limited to company profile, year founded, number of staff, core business, area of specialty and job references. ITC reserves the right to eliminate any service providers/suppliers and request the applicant company to conduct the procurement exercise again should there be any doubts regarding their technical capability and/or track record in similar projects or if ITC considers that the procurement for any goods or services is not carried out in an open, fair and competitive manner.

5. In case the applicant company 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**

6. Where trials will be conducted, applicant companies should work out, in consultation with the public sector organisation(s), the location of trials to be conducted, timeframe, milestones and expected results, etc.

7. In order to evaluate the project progress, monitoring visit(s) to the applicant company would be arranged by ITC on a need basis.

## **Changes to Approved Project**

8. 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, including change of the project commencement or completion date<sup>4</sup>, 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.

9. 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, prior approval from ITC is not required. However, any virement as a result and the underlying reasons should be reported in the project evaluation 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.

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<sup>4</sup> The commencement and completion dates are specified in the project agreement.

## ***Part C Assessment***

The applicant company should comply with this funding guide in preparing funding applications for PSTS-TC. ITC will consider all information and supporting documents provided by the applicant company in assessing an application. Upon receipt of an application, ITC will check the applicant's eligibility. Ineligible applications will not be further processed and will be returned to the applicant companies. ITC may seek clarification or supplementary document/information from the applicant company if necessary.

2. Subject to the receipt of all required information and supporting documents, ITC shall conduct assessment on the application. ITC reserves at all times the right to determine whether an application is approved under PSTS-TC at its sole discretion. The actual processing time of an application will depend on the amount of applications received at the time, complexity of individual applications, comprehensiveness and clarity of the information provided, etc.

3. All applications would be vetted based on their individual merits. The major vetting criteria for PSTS-TC applications include but are not limited to the following -

- (a) the readiness of the R&D outcomes for trial, which must be owned by the applicant company and developed by the applicant company primarily in Hong Kong;
- (b) the proposed trial plan, including whether it can enhance the chance of realisation/commercialisation of the R&D outcomes, the proposed follow-up actions on trial results, and whether the application of R&D outcomes can bring wider benefits to the community;
- (c) the technical and management capabilities and business background of the applicant company, including any adverse record of the applicant company in previous ITF project(s);
- (d) the plan for the disposal of materials for trials; and
- (e) the project should have a reasonable budget with itemised cost breakdown and detailed justifications of costs and expenses.

ITC may review and revise the above vetting criteria from time to time as appropriate.