Government Funding Schemes to Support Research and Development in the Testing and Certification Industry

July 2010
1. Innovation and Technology Fund
Innovation and Technology Fund

- HK$5 billion
- Established in November 1999
- Provide funding support to projects that contribute to innovation and technology upgrading in industry, as well as those essential to upgrading and development of industry
Innovation and Technology Fund

- Innovation and Technology Support Programme
- University-Industry Collaboration Programme
- General Support Programme
- Small Entrepreneur Research Assistance Programme

- Provided $5.1 billion for over 1,920 projects
Innovation and Technology Support Programme

- Support applied R&D projects undertaken by universities, research institutes and trade and industry associations
- Results of the project to be transferred to the industries
- Require private sector sponsorship of not less than 10% of total project cost
University-Industry Collaboration Programme

- Stimulate private sector interest in R&D through leveraging the knowledge and resources of local universities
- Emphasize close collaboration between private companies and universities in Hong Kong
- Funding provided on a 50:50 matching basis
General Support Programme

- Support projects that contribute to fostering an innovation and technology culture in Hong Kong e.g. conference, seminar and exhibition etc.
- Require private sector sponsorship of not less than 10% of total project cost
- Two sub-programmes: Patent Application Grant and Internship Programme
Small Entrepreneur Research Assistance Programme (SERAP)

- To provide capital funding to technology entrepreneurs and technology-based companies to undertake research and development of commercially viable technologies that can be brought to the market within two years.
Locally incorporated companies (<100 employees) are eligible to apply. The programme is open for applications all the year round.

Up to HK$4 million will be provided on a dollar-for-dollar matching basis to an approved project.

Project period could not be longer than 24 months.

Fund recipients hold all intellectual property rights arising from the project.

Government recoups its contribution if project is able to attract follow-on investment or generate revenue.
Held about once every month.

Assessors are nominated from academics and industry covering areas in –

- Investment;
- Information technology;
- Biotech/Environmental technology;
- Electronic/industrial engineering.
VETTING CRITERIA

The assessment panel will formulate their recommendation in accordance with the vetting criteria –

- Technological contents of the project;
- Commercial viability of the proposed project deliverables; and
- Capability and commitment of the project team.
The company is required to return the Government’s contribution –

- 5% of the gross revenue generated from the services or products attributable to SERAP fund project on a half year basis; and / or
- 10% of follow-on investments from third parties

until Government contribution is fully recouped
2. R&D Cash Rebate Scheme
R&D Cash Rebate Scheme

- Launched on 1 April 2010 with $200 million
- Aim - reinforce research culture among business enterprises and encourage them to establish stronger partnership with local research institutions.
- A company will receive a cash rebate equivalent to 10% of its R&D expenditure in -
  - ITF projects; or
  - Partnership projects in collaboration with designated local research institutions.
Designated Local Research Institutes

- Local universities
- R&D Centers set up under Innovation and Technology Fund
- Hong Kong Jockey Club Institute of Chinese Medicines
- Hong Kong Productivity Council
- Vocational Training Council
Example

- Capital requirement for the collaborative project (company/ITF: 50%/50%): $1 million
- Actual expenditure borne by the company: $376,000 (i.e. bearing $36 for every $100 spent on R&D)

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<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>(a) R&amp;D expenditure borne by the company</td>
<td>$500,000</td>
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<td>(b) Profit tax saved (16.5%)</td>
<td>$(82,500) (a x 16.5%)</td>
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<tr>
<td>(c) Cash rebate (10%)</td>
<td>$(50,000) (a x 10%)</td>
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<td>(d) Taxable part of the cash rebate (16.5%)</td>
<td>$8,250 (c x 16.5%)</td>
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<td><strong>Actual R&amp;D expenditure</strong></td>
<td><strong>$375,750 (a−b−c+d)</strong></td>
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Further Information

Innovation and Technology Fund
Website : itf.gov.hk
Tel. : 2737 2229 (General)
          2737 2409 (SERAP)

R&D Cash Rebate Scheme
Website : crs.itf.gov.hk
Tel. : 2737 2435
Thank you