
Innovation and Technology Fund

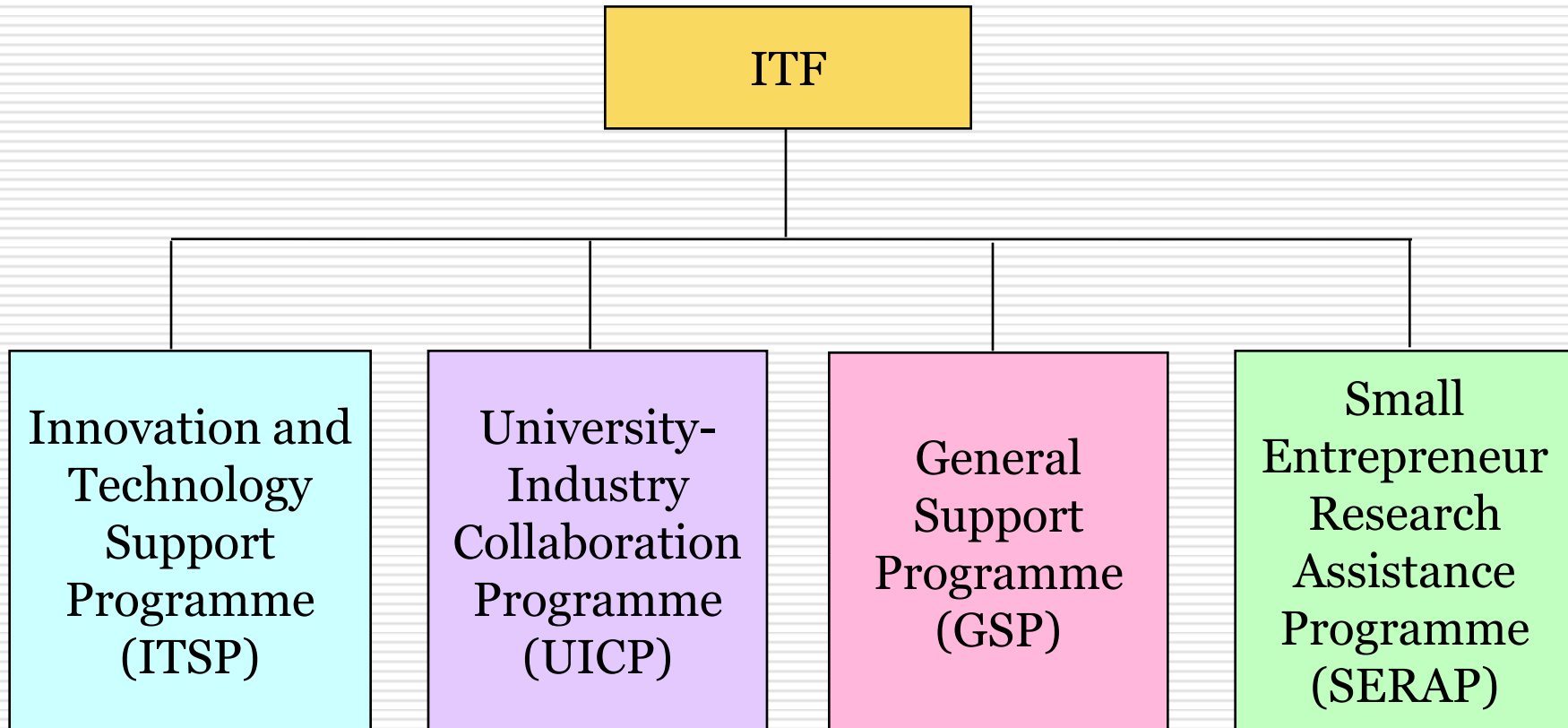
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Background

- ❖ Set up in 1999 with a commitment of \$5 billion.
- ❖ Ambit: to finance projects that contribute to innovation and technology upgrading.
- ❖ Approving authority: project cost \leq \$21 million.
- ❖ Up to \$50% of the R&D expenditure can be incurred in the Mainland.
- ❖ Funding commitment since inception: \$6 billion (uncommitted balance: \$2.1 billion)

Funding Programmes



Innovation and Technology Support Programme (ITSP) 創新及科技支援計劃

- ❖ To support applied R&D projects by local universities/research institutes with a view to transferring technologies developed to relevant local industries.
- ❖ Two rounds of funding applications each year.

Innovation and Technology Support Programme (ITSP) 創新及科技支援計劃

R&D Centre Programme

❖ 5 R&D Centres

- 1) Nano & Advanced Materials Institute (NAMI) (納米及先進材料研發院)
 - Nanotechnology and advanced materials
- 2) Hong Kong Research Institute of Textiles and Apparel (HKRITA) (紡織及成衣研發中心)
 - Textiles and clothing
- 3) Automotive Parts and Accessory Systems (APAS) (汽車零部件研發中心)
 - Automotive parts and accessory systems
- 4) Logistics & Supply Chain Management Enabling Technologies (LSCM) (物流及供應鏈管理應用技術研發中心)
 - Logistics and supply chain management
- 5) Applied Science and Technology Research Institute (ASTRI) (應用科技研究院)
 - Information and communications technologies

Innovation and Technology Support Programme (ITSP) 創新及科技支援計劃

(a) Platform projects

- 90% of project cost to be funded by ITF.
- Industry sponsorship from two private companies to cover 10% of the total project cost.
- Industry does not own IPs.

(b) Collaborative projects

- A local company contributes 50% of the project cost.
- Company will own IPs.

Innovation and Technology Support Programme (ITSP) 創新及科技支援計劃

Examples:

- (a) First-Stage Development of Platform for Authentication of Dried Seafood and Tonic Food Products
- (b) Application of novel isothermal molecular authentication technique for on-site quality control of Chinese medicinal material

University-Industry Collaboration Programme (UICP) 大學與產業合作計劃

- ❖ Collaborative projects undertaken by local private companies in collaboration with local universities.
- ❖ 50% from ITF; 50% from industry.
- ❖ Industry will own IPs.

Small Entrepreneur Research Assistance Programme (SERAP) 小型企業研究資助計劃

- ❖ Pre-venture capital funding for entrepreneurs/SMEs (local companies)
- ❖ Number of employees: < 100
- ❖ 50-50 matching fund from ITF (up to \$4 million per project)
- ❖ Project period: up to 2 years
- ❖ Government does not take equity interest in company nor IP rights
- ❖ ITF to recoup the grant if the project is able to attract follow-on investment or generate revenue

General Support Programme (GSP)

一般支援計劃

- ❖ to support non-R&D projects that contribute to I&T development and fostering an I&T culture.
- ❖ Examples -
 - Conferences and exhibition
 - I&T studies
 - School/Student competitions

R&D Cash Rebate Scheme

投資研發現金回贈計劃

- ❖ Total commitment: \$200 million
- ❖ 10% rebate for ITF projects and projects undertaken in partnership with designated local public R&D institutions
- ❖ Designated Research Institutes -
 - Local universities;
 - R&D Centres under ITF; and
 - HKPC and VTC.

R&D Cash Rebate Scheme

投資研發現金回贈計劃

- e.g. a \$1M Collaborative Project :

	HK\$
(a) R&D expenditure borne by the company	500,000
(b) Profit tax savings (16.5%)	(82,500) (a x 16.5%)
(c) Cash rebate (10%)	(50,000) (a x 10%)
(d) Tax on cash rebate (16.5%)	8,250 (c x 16.5%)
Actual R&D expenditure	375,750 (a-b-c+d)



Only 37% of total cost

Review of ITF Mechanism: New Initiatives

❖ **New Assessment Framework:**

- 1) Innovation and Technology Component
- 2) Technical Capability
- 3) Financial Considerations
- 4) Existence of a Holistic Plan to Realisation/Commercialisation
- 5) Relevance with Government Policies or in Overall Interest of the Community
- 6) IP Rights and Benefit Sharing
- 7) Management Capability

Review of ITF Mechanism: New Initiatives

❖ Extending ITF “Vertically”

- Expanding funding scope to cover production of samples/prototypes and conducting of trial schemes in public sector; and
- Provide “Follow-On” Funding - advanced approval mechanism.

❖ Extending ITF “Horizontally”

- “cluster projects” approach.

Review of ITF Mechanism: New Initiative

- ❖ **Aligning ITF to meet long term development goals**
 - “Testing and Certification”: a newly added Technology Area under the new ITSP application form since March 2011.

Thank you !