



**Hong Kong Science and Technology Parks Corporation**

**Elite Programme Guide**

*Version 1.2 (25<sup>th</sup> June, 2024)*

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## 1. Introduction

Hong Kong Science and Technology Parks Corporation (“**HKSTP**” or “**we**”) is fully committed to creating a vibrant innovation and technology ecosystem to deliver social and economic benefits to Hong Kong and the region. We proactively connect stakeholders, facilitate knowledge transfer and nurture talents to accelerate technological innovation and commercialization.

HKSTP’s Elite Programme (the “**Elite Programme**”) is introduced to help technology enterprises with strong growth potentials to further expand its business outside Hong Kong and eventually become a unicorn.

This Elite Programme Guide (this “**Guide**”) is intended to set forth the general arrangements and guidelines relating to the Elite Programme, and to supplement and elaborate the Programme Agreements (as defined below).

## 2. Application

### 2.1. Eligibility Criteria

To be eligible for the Elite Programme, an applicant for the Elite Programme (an “**Applicant**”) must meet each of the following eligibility criteria to HKSTP’s satisfaction (at HKSTP’s sole discretion):

- (a) be a profit-making company incorporated or committed to incorporate in Hong Kong as a company limited by shares under the Companies Ordinance (Cap. 622);
- (b) has been established for at least two years in Hong Kong or is a subsidiary of a company which has been established for at least two years in or outside Hong Kong;
- (c) must demonstrate that its technology is disruptive, has strong business growth potential and bring economic benefits to Hong Kong;
- (d) has no less than 30 full-time employees globally prior to the lodgement of the application, and must commit to maintain employment of at least 30 full-time employees globally during the entire 3-year period of the Elite Programme (the “**Programme Period**”);
- (e) either be:
  - i. an existing regular office/laboratory tenant that has signed a lease agreement with HKSTP for a period of at least 3 years (“**HKSTP Lease**”), it shall terminate its existing tenancy agreement with HKSTPC (the “**Previous Lease**”) and enter into a new tenancy agreement with HKSTPC for no less than three (3) years commencing from the Commencement Date (as defined below), and such new tenancy agreement shall either be renting the same premises as the Previous Lease or a larger premises or
  - ii. if the Applicant is not an existing tenant under any HKSTP Lease, it has to apply for and obtain qualification approval for moving into Hong Kong Science Park premises as a regular office/laboratory tenant under a HKSTP Lease within 6 months from the day of admission to the Elite Programme and shall thereafter remain a tenant under the HKSTP Lease during the entire term of the HKSTP Lease (which shall be no less than 3 years); and
- (f) must commit to continue to comply with all agreements and documents relating to the Elite Programme (including without limitation the Programme Agreements (as defined below)), all HKSTP’s tenancy/safety requirements, and all related HKSTP’s rules and policies.

Applications meeting all of the above eligible criteria will be further assessed based on the arrangement set forth in Section 3 below; only applications meeting all of the above eligible criteria AND passing such assessment will be admitted to the Elite Programme.

## 2.2. Application Procedures

- 2.2.1. To apply for the Elite Programme, the Applicant must complete an application form (in such form as may be prescribed by HKSTP from time to time, the “**Application Form**”) and submit the required documents (please refer to the Application Document Guide at [Annex 1](#)). The Application Form must be completed and signed by an authorised representative of the Applicant. HKSTP reserves the right to seek additional information as it deems necessary. An Applicant shall also provide all clarification, information and documents requested by HKSTP from time to time for processing its application.
- 2.2.2. Note that any information provided that is considered intentionally misleading or inaccurate will be investigated.
- 2.2.3. We will acknowledge all applications in writing within 10 working days of receipt, including a reference number, contact details and the approximate timeframe for processing the application.
- 2.2.4. If the Applicant defers the submission of the clarifications, information and documents requested by HKSTP for processing its application for more than two months, the application may be considered as being withdrawn.
- 2.2.5. Applications that are deemed to be for a business that is substantially the same as a previously ineligible or unsuccessful application may be rejected.
- 2.2.6. A company can re-submit an application for a maximum of 2 more times after its first application was rejected. The reapplication has to be submitted 3 months after the previous application was rejected. A company can only join Elite Programme one time.

## 2.3. Enquiries

Elite Programme Enquiry  
E-mail : [elite@hkstp.org](mailto:elite@hkstp.org)

## 3. Assessment and Approval

### 3.1. Eligibility Checks and Assessment Panel

- 3.1.1. All applications received will be checked and reviewed to confirm whether the eligibility criteria have been met. Eligible applications will be assessed by an assessment panel comprising of independent experts in the technology, industry and/or business sector (the “**Assessment Panel**”). Members of the Assessment Panel will be required to adhere to the probity requirements in accordance with HKSTP’s policy.
- 3.1.2. A list of members of the Assessment Panel will be communicated to the Applicant or will be found in our website. Should an Applicant identify a potential conflict of interest (actual, potential or perceived) arising, the Applicant should notify HKSTP via email as soon as it becomes aware of such a situation. A potential conflict of interest will not adversely affect the application; however, HKSTP will seek to ensure it is assessed independently by other members of the Assessment Panel in order to avoid any potential probity concerns.

### 3.2. Assessment Criteria

- 3.2.1. Eligible applications will be evaluated based on the assessment criteria as set out in [Table 1](#) below.  
[Table 1 – Assessment Criteria](#)

No.	Assessment Criteria	Key consideration factors
1.	Technology	<ul style="list-style-type: none"> <li>(a) The proposed product/service is unique, innovative, or disruptive</li> <li>(b) The strength of the intellectual properties (including novelty) has been described</li> <li>(c) A clear Technology Map and R&amp;D plan is presented</li> <li>(d) The ethical considerations, if any, are addressed</li> <li>(e) Other relevant matters</li> </ul>
2.	Market Opportunity / Value Proposition	<ul style="list-style-type: none"> <li>(a) The market need for the novel product, process or service is clearly defined</li> <li>(b) The type of customers is clearly defined</li> <li>(c) The size of the target market is clearly articulated</li> <li>(d) Competitiveness over similar product, process or service</li> <li>(e) A clear, concise and compelling value proposition, i.e. why the intended customers want to buy the product or service</li> <li>(f) Other relevant matters</li> </ul>
3.	Management Capability	<ul style="list-style-type: none"> <li>(a) Relevant market sector/technology domain expertise</li> <li>(b) Commercialisation experiences</li> <li>(c) Business, R&amp;D and operation experiences</li> <li>(d) Others related expertise</li> </ul>
4.	Economic Benefits / Contribution / Impacts to Ecosystem	<ul style="list-style-type: none"> <li>(a) Employment</li> <li>(b) Investment level</li> <li>(c) Alignment to HKSTP focused themes</li> <li>(d) Brand reputation/industry recognition</li> <li>(e) Other relevant matters</li> </ul>
5.	Execution Plan / Financial, Resources and Business Plan in HKSTP	A sound execution, financial, resources and business development plan in Hong Kong or HKSTP for execution

3.2.2. The Applicant may be required to present its application to the Assessment Panel.

3.2.3. The Assessment Panel may require the Applicant to address its comments on the application. In such case, the Applicant may be required to revise its Application Form together with other necessary documents as requested by the Assessment Panel or HKSTP.

3.2.4. The Applicant should note that they should not offer any advantage to HKSTP's staff or Assessment Panel members in connection with its application. This is prohibited under the Prevention of Bribery Ordinance.

### 3.3. Contractual Agreements

An Applicant successfully enrolled in the Elite Programme (each, an **"Enrolled Company"**), and its certain related parties (the **"Related Parties"**), are required to enter into the following agreements/deeds with HKSTP (or its affiliates) (collectively, the **"Programme Agreements"**):

- (a) a HKSTP Lease, between the Enrolled Company and HKSTP;

(b) a Milestone Funding Agreement, between the Enrolled Company and HKSTP (the “**Milestone Funding Agreement**”);

(c) a Deed of Simple Agreement for Future Equity, between the Enrolled Company (or its relevant holding company, as may be accepted by HKSTP) and a HKSTP’s affiliate (the “**SAFE**”); and

(d) a Deed of Key Shareholder Guarantee, between certain ultimate individual owner(s) of the Enrolled Company (as to be accepted by HKSTP), HKSTP and certain HKSTP’s affiliate (the “**Key Shareholder Guarantee**”).

#### 4. Elite Programme -- Milestone, Subsidy and Assessment

##### 4.1. Maximum Subsidy Amount

The maximum subsidy amount an Enrolled Company may receive under the Elite Programme is set out in Table 2 below.

Table 2 – Maximum Subsidy Amount

No.	Subsidies	Amount	Maximum aggregate subsidy amount
1.	<p><b>Interim Milestone Subsidy</b></p> <p>– “Interim Milestones” refer to the performance targets of the first 6 months of each year of the Programme Period, as to be agreed by the Enrolled Company and HKSTP;</p> <p>– there are 3 Interim Milestones during the Programme Period, their corresponding dates are 6 months, 18 months and 30 months after the commencement date respectively;</p> <p>– subsidy will be paid upon satisfactorily completing an Interim Milestone and other conditions (to be stated in the Milestone Funding Agreement).</p>	<p>HK\$2 Million for meeting one Interim Milestone</p> <p>(i.e. maximum HK\$6 Million in aggregate if all 3 Interim Milestones are met)</p>	<p><b>HK\$21.5 Million</b></p>
2.	<p><b>Annual Milestone Subsidy</b></p> <p>– “Annual Milestones” refer to the performance targets of each year of the Programme Period, as to be agreed by the Enrolled Company and HKSTP;</p> <p>– there are 3 Annual Milestones during the Programme Period, their corresponding dates are 12 months, 24 months and 36 months after the commencement date respectively;</p> <p>– subsidy will be paid upon satisfactorily completing an Annual Milestone and other conditions (to be stated in the Milestone Funding Agreement).</p>	<p>HK\$4 Million for meeting one Annual Milestone</p> <p>(i.e. maximum HK\$12 Million in aggregate if all 3 Annual Milestones are met)</p>	
3.	<p><b>Final Milestone Subsidy</b> – additional subsidy will be paid upon satisfactorily completing the third (i.e. last) Annual Milestone and other conditions (to be stated in the Milestone Funding Agreement).</p>	<p>HK\$2 Million for meeting the third Annual Milestone</p>	
4.	<p><b>Rental Subsidy</b> – as further explained in Section 4.3 below, and subject to the conditions to be stated in the Milestone Funding Agreement.</p>	<p>Maximum HK\$1.5 Million in aggregate.</p>	

## 4.2. Milestone Subsidy Mechanism

- 4.2.1. **Interim Milestones** – if an Interim Milestone and certain general funding conditions are satisfactorily completed, an Enrolled Company may receive a subsidy of HK\$ 2 Million for each such satisfactorily completed Interim Milestone.
- 4.2.2. **Second Opportunity for Interim Milestones** - if an Interim Milestone is not satisfactorily completed, an Enrolled Company shall still have a second opportunity to receive the relevant Interim Milestone subsidy if the next Annual Milestone is satisfactorily completed and certain general funding conditions are met.
- 4.2.3. **Annual Milestones** – if an Annual Milestone and certain general funding conditions are satisfactorily completed, an Enrolled Company may receive a subsidy of HK\$ 4 Million for each such satisfactorily completed Annual Milestone. In this Guide, “**Milestones**” means collectively all Annual Milestones and Interim Milestones, and a “**Milestone**” means any of them.
- 4.2.4. **Final Milestone** – In addition to the relevant subsidy for an Annual Milestone (as stated in Section 4.2.3), if the third (i.e., last) Annual Milestone and certain general funding conditions are satisfactorily completed, an Enrolled Company may further receive a subsidy of HK\$ 2 Million for such satisfactorily completed third Annual Milestone.
- 4.2.5. **Performance Improvement Plan** – if an Enrolled Company: (i) fails to satisfactorily complete the first Annual Milestone, or (ii) has satisfactorily completed the first Annual Milestone but then fails to satisfactorily complete the second Annual Milestone, then the Enrolled Company shall propose to HKSTP (by such deadline to be set by HKSTP at its sole discretion) in writing a performance improvement plan (the “**PIP**”) for the 6-month period following the failed Annual Milestone. Such PIP shall also be deemed to replace the Interim Milestone relating to such 6-month period covered by the PIP.

If the Enrolled Company fails to propose a PIP acceptable to HKSTP, or fails to satisfactorily complete such PIP by such 6-month period, then HKSTP shall have the right to terminate any further subsidy and the Enrolled Company’s participation under the Elite Programme.

If the Enrolled Company can satisfactorily complete the PIP by the end of such 6-month period, then it may catch up on the subsidy relating to the relevant failed Annual Milestone as well as the subsidy relating to the replaced Interim Milestone.

- 4.2.6. **Requirements under each Milestone** – the exact requirements constituting each Milestone shall be further agreed by HKSTP and each Enrolled Company, which will be set forth in (or be subsequently confirmed pursuant to) the Milestone Funding Agreement. To assist the Applicant/Enrolled Company to propose, discuss and agree on the exact requirements constituting each Milestone, [Annex 2](#) to this Guide contains certain non-exhaustive standardized definitions of possible metrics of requirements constituting a Milestone.

## 4.3. Rental Subsidy

- 4.3.1. During the Programme Period (and provided that the HKSTP Lease has commenced and remains effective), HKSTP will deduct certain amount (to be decided by HKSTP) from the rent payable by the Enrolled Company to HKSTP under the HKSTP Lease, up to a maximum aggregate deduction limit of HK\$1.5 Million. Such deduction shall be deemed part of the subsidy granted by HKSTP to an Enrolled Company under the Elite Programme.
- 4.3.2. If the Enrolled Company fails to meet any Annual Milestone or any general funding condition, then HKSTP shall have the right to terminate and/or suspend the provision of such Rental Subsidy.

## 4.4. No Double-Dipping

- 4.4.1. As a general principle, all “Covered Expenses” under the Elite Programme shall not be eligible for or entitled to any other grants, subsidies, reimbursement, concession and/or funding of whatever nature

that are offered by the Government of Hong Kong (including without limitation by HKSTP, its affiliates or any other statutory body), whether directly or indirectly.

- 4.4.2. **“Covered Expenses”** include all rents, expenses, expenditures and costs of the Enrolled Company or its other group company that: (i) form the basis of, or are used to meet, any Milestone or the PIP; or (ii) is otherwise reimbursed or deducted, or for which the Enrolled Company or any other group company has obtained (or is entitled to obtain) any subsidies, under this Elite Programme (including without limitation the Rental Subsidy).

#### **4.5. Milestone Report**

- 4.5.1. Promptly after the corresponding date of each Milestone (or PIP, if applicable; and in any case, no later than such reasonable deadline as may be set by HKSTP from time to time), the Enrolled Company shall deliver a written report to HKSTP with respect to the relevant Milestone (or the PIP, if applicable) (each, a **“Milestone Report”**).
- 4.5.2. The Milestone Reports shall be prepared and submitted in accordance with the requirements and format set forth in Annex 3 hereto, as well as such other requirements and instructions as may be given by HKSTP from time to time.
- 4.5.3. As also noted in Annex 3, the Milestone Reports with respect to an Annual Milestone shall be audited by Certified Public Accounts or Public Accountants registered under the *Professional Accountants Ordinance* (Cap. 50).
- 4.5.4. If the Enrolled Company fails to provide to HKSTP the Milestone Report by the deadline set by HKSTP, HKSTP shall have the right to deem the relevant Milestone not satisfactorily completed.
- 4.5.5. The Enrolled Company should properly handle the keeping of books and records of their expenditures used to meet (or otherwise relevant to) any Milestone.
- 4.5.6. HKSTP and its representatives shall have the right to request information from, inspect and/or conduct audit on the Enrolled Company (and its other group companies) and may at its absolute discretion request the Enrolled Company (and its other group companies) to make available and/or deliver photocopies of all relevant books and records to HKSTP at the Enrolled Company’s sole costs and expenses.

#### **4.6. Milestone Assessment**

- 4.6.1. Upon receiving the Milestone Report, HKSTP (internally and/or involving external experts) will conduct assessment on whether or not the relevant Milestone (or PIP, if applicable) has been completed to the reasonable satisfaction of HKSTP, with reference to the assessment principles set forth in Annex 4 to this Guide.
- 4.6.2. HKSTP is entitled to request any further information, document and/or cooperation from the Enrolled Company as HKSTP deems necessary or appropriate, including without limitation provision of further business and financial information, inspection, audit, and/or meeting with relevant senior management. The Enrolled Company shall fully cooperate with any such request from HKSTP, and HKSTP has the right to deem the relevant Milestone (or PIP, if applicable) failed if the Enrolled Company fails to cooperate accordingly.
- 4.6.3. HKSTP may execute and administer such Milestone assessment in such manner and taking such time as it thinks fit. After the completion of the assessment, HKSTP will notify the Enrolled Company in writing whether or not the relevant Milestone (or PIP, if applicable) is satisfactorily completed. Such written notification shall be final and conclusive and binding on the Enrolled Company.

#### **4.7. Taxation**



We recommend you seek independent professional advice on your taxation obligations on the subsidy, the Programme Agreements, and the Elite Programme. We do not provide any advice of any kind to any Applicant or Enrolled Company (whether on taxation, legal or otherwise). You can also find information relating to Hong Kong taxation from the website of the Inland Revenue Department of Hong Kong Government.

## 5. SAFE

- 5.1. For the purpose of making the Elite Programme more financially viable, HKSTP requires that the Enrolled Company (or its relevant holding company, as may be accepted by HKSTP) (the “**SAFE Obligor**”) enters into the SAFE with HKSTP (or its Affiliate) (the “**SAFE Holder**”) as a condition for an Enrolled Company to enjoy the benefits of the Elite Programme (including without limitation the relevant subsidies).
- 5.2. Under the SAFE, the SAFE Holder will be granted, among other rights: (a) upon a Qualified Equity Financing (to be defined in the SAFE), the right to convert the “Recognized Subsidies” (being the amount of HK\$20,000,000) into the equity of the SAFE Obligor (or its related company if accepted by the SAFE Holder); (b) upon certain other events (such as a merger event, an initial public offering, or at the SAFE Holder’s election after 3 years), the right to convert the then aggregate actual subsidy granted by HKSTP to the Enrolled Company under the Elite Programme into the equity of the SAFE Obligor (or its related company, if accepted by the SAFE Holder); and (c) if no conversion has occurred under the SAFE within 7 years, the right to require the SAFE Obligor to buy back the conversion right under SAFE from the SAFE Holder. In each case, the conversion price (or buy back price, as applicable) and the other terms and conditions will be set forth in the SAFE.
- 5.3. Under the SAFE, the SAFE Holder will also be entitled to certain rights in relation to its interests acquired in the SAFE Obligor, including the right to put upon a merger event, the right to freely transfer, and the right to sell a pro-rata portion upon an initial public offering, in each case as to be set forth in the SAFE.
- 5.4. If and only if a conversion under the SAFE is due to a “Qualified Equity Financing” (to be defined in the SAFE), HKSTP’s obligations to provide subsidy under Milestone Funding Agreement shall continue. If the conversion occurs due to any other reason, or in case of a “Buy Back” or a termination of the SAFE for any reason, the Milestone Funding Agreement shall immediately terminate, and HKSTP shall have no further obligation to provide any further subsidy to the Enrolled Company under the Elite Programme.

## 6. Key Shareholder Guarantee

- 6.1. For ensuring the Enrolled Company’s and the SAFE Obligor’s compliance with the applicable Programme Agreements, HKSTP requires that the certain identified ultimate individual owners of the Enrolled Company (the “**Key Shareholders**”) enter into the Key Shareholder Guarantee with HKSTP and the SAFE Holder as a condition for an Enrolled Company to enjoy the benefits of the Elite Programme (including without limitation the relevant subsidies).
- 6.2. Under the Key Shareholder Guarantee, the Key Shareholders shall, among other undertakings, jointly and severally agree and undertake to be liable for: (a) any breach to Enrolled Company, the SAFE Obligor and/or other group companies under the Milestone Funding Agreement or the SAFE or other related documents, and (b) any fraud, misrepresentation or wilful misconduct of the Company, the SAFE Obligor and/or other group companies.

## 7. Financial Statements

From the commencement of the Programme Period until the later of: (i) the end of the Programme Period, or (ii) the occurrence of any “Conversion” or “Buy Back” under the SAFE, the Enrolled Company shall provide HKSTP with:

- a) the Enrolled Company’s audited annual financial statements, the SAFE Obligor’s audited annual financial statements, and its group companies’ consolidated audited annual financial statements, within 120 days after each financial year-end date; and
- b) the Enrolled Company’s quarterly management accounts, the SAFE Obligor’s quarterly management accounts, and its group companies’ consolidated quarterly management accounts within 45 days after each financial quarter-end date.

## **8. Monitoring**

HKSTP and its representatives shall have the right, with prior notice to the Enrolled Company, to inspect the premises, facilities, properties, records and books of the Enrolled Company (and its group companies) at all reasonable times and to make extracts and copies therefrom, and to discuss and meet with its directors, officers, employees, accountants, legal counsels, investment bankers and other representatives, for the purpose of the assessments of Milestones or otherwise in connection with the Elite Programme, the Milestone Funding Agreement and/or the SAFE.

## **9. Recovery of Loss**

HKSTP reserves its right to recover any subsidy or other payment to the Enrolled Company and/or the Related Parties and seek compensation from the Enrolled Company and/or the Related Parties for any loss or expenses incurred by HKSTP (or its affiliates) due to the Enrolled Company’s and/or the Related Parties’ breaching of any of the Programme Agreements and this Guide.

## **10. Change in Shareholding or Control**

- 10.1. The Enrolled Company shall obtain HKSTP’s written consent prior to any direct or indirect change in control of the Enrolled Company. Also, the Enrolled Company shall immediately inform HKSTP in writing if there is any change in the composition of any the Enrolled Company’s (or its group company’s) senior management and directors.
- 10.2. After an approved change of control of the Enrolled Company, the new ultimate individual(s) that control the Enrolled Company shall also agree to be bound by the Key Shareholder Guarantee as a Key Shareholder.

## **11. Termination; Claw-Back**

- 11.1. The Enrolled Company’s participation in the Elite Programme (and its entitlement to any subsidy thereunder) may be terminated by HKSTP at any time after the occurrence of any of the following circumstances or events (or any other termination event to be set forth in the Milestone Funding Agreement):
  - (a) the Enrolled Company fails to remain a tenant during the Programme Period under the HKSTP Lease after the commencement of the lease term;
  - (b) any breach, misrepresentation or non-performance of any Programme Agreement or related documents (with a 30-day cure period if the breach is non-material and capable of remedy);
  - (c) any of the first Annual Milestone or the second Annual Milestone is not satisfactorily completed, and the Enrolled Company fails to propose a PIP acceptable to HKSTP (or fails to satisfactorily complete such PIP accepted by HKSTP);
  - (d) any other Annual Milestone is not satisfactorily completed, and a PIP is not applicable;

- (e) any fraudulent statement, conduct, actions and/or misrepresentation made in relation to the Elite Programme or any related document;
- (f) any unlawful, fraudulent or corruption activity;
- (g) any “Material Adverse Event” (to be defined in the Milestone Funding Agreement);
- (h) any conversion under the SAFE occurs (other than due to a “Qualified Equity Financing”), or the occurrence of a “Buy Back” under the SAFE, or any termination or revocation of the SAFE; or
- (i) the Enrolled Company’s R&D or participation in the Elite Programme is no longer suitable or eligible in accordance with the public interests.

11.2. In the event of a breach of Section 4.4 (No Double-Dipping) (or its related section in the Milestone Funding Agreement), or in case of any fraudulent statement, conduct, actions and/or misrepresentation or any other unlawful or fraudulent event, or any other specified situation in the Milestone Funding Agreement (in each case, as reasonably determined by HKSTP), HKSTP shall be further entitled to request the Enrolled Company to fully return and refund to HKSTP ALL subsidies it received any time under the Elite Programme.

## 12. Use and Disclosure of Information

12.1. Unless the information provided to HKSTP is Personal Information (meaning “personal data” defined under the Personal Data (Privacy) Ordinance) or Confidential Information (meaning information disclosed to HKSTP in relation to the Elite Programme which is reasonably understood in the circumstances to be confidential), HKSTP may disclose the information to any person for any purpose directly related to the activities and functions of HKSTP, including but not limited to the purpose of:

- announcing the list of Enrolled Companies and/or awarding of the subsidy
- improving the effective administration, monitoring and evaluation of this Elite Programme

12.2. Where the Applicant (or the Enrolled Company, as the case may be) is asked to submit any information, content or material to HKSTP (“**Content**”) for the purposes of enabling HKSTP to assess the Applicant (or the Enrolled Company, as the case may be) and its suitability to participate in the Elite Programme and/or the award of subsidy, or otherwise in connection with the Elite Programme, or for inclusion on HKSTP’s website, the Applicant (or the Enrolled Company, as the case may be) must ensure that all Content is up-to-date, accurate, legal, honest, decent, truthful and complies with all applicable laws, regulations, standards and codes of practice. The Applicant (or the Enrolled Company, as the case may be) must ensure that all Content submitted to HKSTP does not infringe copyright, design, privacy, publicity, data protection, trade mark or any other rights of any third party, and is not obscene, abusive, threatening, libellous or defamatory of any person.

12.3. The Applicant (or the Enrolled Company, as the case may be) shall have sole responsibility for the Content which it submits to HKSTP, and the Applicant (or the Enrolled Company, as the case may be) shall indemnify and shall keep HKSTP fully and effectively indemnified on demand from and against all actions, claims, losses, liability, proceedings, damages, costs, expenses, loss of business, loss of profits, business interruption and other pecuniary or consequential loss (including legal costs and expenses) suffered or incurred by HKSTP and arising directly or indirectly from the Content submitted by the Applicant (or the Enrolled Company, as the case may be) to HKSTP being in breach of these terms and conditions. Where HKSTP has relied upon, published or used the Content then the losses to be indemnified by the Applicant (or the Enrolled Company, as the case may be) shall include all sums claimed from HKSTP by third parties having relied upon the Content and all sums expended by HKSTP on the Applicant (or the Enrolled Company, as the case may be) in connection with the Elite

Programme (including but are not limited to any subsidy or other benefits or funding support that the Applicant (or the Enrolled Company, as the case may be) has received).

- 12.4. The Applicant (or the Enrolled Company, as the case may be) shall be aware that the Content in the application, the Milestone Report and/or any other document submitted in connection with the Elite Programme will be reviewed, processed and/or vetted by HKSTP staff, its advisors and/or the Assessment Panel, and such persons will not sign any non-disclosure agreement or any document of a similar nature with respect to such document or Content.

### **13. Publicity**

- 13.1. By submitting any application for or participating in the Elite Programme, the Applicant (or the Enrolled Company, as the case may be) acknowledges and agrees that HKSTP may issue public statements or otherwise issue information (except for any Personal Information or Confidential Information) or other forms of publicity from time to time concerning the Elite Programme (including any Applicant or Enrolled Company). Such right to publicity also entails the right to refer to or cite corporate or institutional name(s) of the Applicant (or the Enrolled Company, as the case may be) and any other institutions involved in the Elite Programme, and/or the names of any research personnel involved in the Elite Programme in any publication or press release.
- 13.2. By submitting the application for or other participating in the Elite Programme, the Applicant (or the Enrolled Company, as the case may be) undertakes that the name or logo of HKSTP will not be used in any promotional material, media/public announcements, publications, events, disclosures, or in any other commercial capacity, or otherwise be publicized in any way without the prior written consent of HKSTP.
- 13.3. HKSTP, its affiliates and their respective representatives have not made (and shall not be deemed to have made) any representations or warranties, whether by virtue of the subsidies under the Elite Programme or otherwise, as to the safety, value, or utility of the R&D of any Applicant or any Enrolled Company, the Elite Programme or any other matter. None of the Enrolled Company's enrollment in the Elite Programme, HKSTP's provision of the subsidies and/or the existence of the Elite Programme or any Programme Agreement shall be considered an endorsement by HKSTP of the Applicant or the Enrolled Company (including its R&D) or otherwise.

### **14. Prevention of Fraud and Corruption Activities**

- 14.1. By submitting any application for or otherwise participating in the Elite Programme, the Applicant (or the Enrolled Company, as the case may be) shall undertake all necessary actions in order to prevent possible fraud and corruption activities, including without limitation any of the following defined practices:
- (a) "corrupt practice" is the offering, giving, receiving, or soliciting, directly or indirectly, of anything of value to influence the actions of another party;
  - (b) "fraudulent practice" is an act or omission, including misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain financial or other benefit or to avoid an obligation;
  - (c) "collusive practices" is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party;
  - (d) "coercive practices" is impairing or harming, or threatening to impair or harm, directly or indirectly, persons or their property to influence their participation in a procurement process, or affect the execution of a contract;
  - (e) "obstructive practice" is deliberately destroying, falsifying, altering, or concealing of evidence material to the investigation or making false statements to investigators in order to materially

impede an investigation into allegations of a corrupt, fraudulent, coercive, or collusive practice; and/or threatening, harassing, or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation, or acts intended to materially impede the exercise of inspection and audit rights.

- 14.2. The Enrolled Company is advised to observe the relevant regulatory requirements and practices in Hong Kong relating to fraud and corruption activities, in particular the following Ordinances:
- (a) The Prevention of Bribery Ordinance (Cap 201)
  - (b) The Theft Ordinance (Cap 210)
  - (c) The Competition Ordinance (Cap 619)
- 14.3. The Enrolled Company should report any suspected or known crime to the law enforcement agencies (such as the Police, the Joint Financial Intelligence Unit or the ICAC, as appropriate) at the first practicable opportunity and avoid making any enquiries or taking any action that may hinder or frustrate subsequent investigation by the law enforcement authority concerned.

## **15. Personal Information**

- 15.1. The personal data provided to HKSTP under the Elite Programme shall be on a voluntary basis, and will be used by HKSTP in relation to the following activities:
- (a) Processing, evaluating and counter-checking the Applicant's application and the Enrolled Company's claim for the subsidy or other support under the Elite Programme;
  - (b) Matching of the personal data provided against other databases as may be required;
  - (c) Activities/matters related to the communication or exchange of views with Applicants or Enrolled Companies for the purpose of Elite Programme administration;
  - (d) Other actions necessary for the operation, management and/or execution of the Elite Programme or otherwise in connection with any Programme Agreement; and
  - (e) Statistics and researches.
- 15.2. In accordance with Sections 18 and 22 and Principle 6 of Schedule 1 of the Personal Data (Privacy) Ordinance (Cap 486), you have the right to request access to and correction of the personal data supplied by you. If you want to exercise an of such right, please email [dpo@hkstp.org](mailto:dpo@hkstp.org).
- 15.3. By submitting any application for or otherwise participating in the Elite Programme, the Applicant (or the Enrolled Company, as the case may be) acknowledges and agrees that, to the extent permitted under any applicable laws and regulations, HKSTP may disclose the Applicant's (or the Enrolled Company's, as the case may be) personal data to its "Service Providers" (as defined in the Personal Information Collection Statement on HKSTP's website).
- 15.4. Please read our Privacy Policy on HKSTP's website for more information.

## **16. Obligations**

- 16.1. The Applicant (or the Enrolled Company, as the case may be) and the Related Parties must comply with the terms and conditions in this Guide, the Programme Agreements and other agreements in

relation to the Elite Programme throughout the application, the Programme Period and the entire effective period of the relevant document.

- 16.2. The Enrolled Company shall also comply with the Business Software Alliance's Software Code of Ethics as set out in the Annex 5 hereto.
- 16.3. The Enrolled Company shall complete and submit to HKSTP annual surveys with statistics relating to its business performance (including without limitation key financial data including the turnover, profit/loss and the number of employees hired by the Enrolled Company and its subsidiaries, if any) after completing the Elite Programme for the purpose of improving the effective administration, monitoring and evaluation of the Elite Programme.

## **17. Changes to Guidelines**

HKSTP reserves the right to make changes to this Guide and any submission templates related to the Elite Programme as and when necessary or appropriate, at the sole and absolute discretion of HKSTP.

## **18. Decision of HKSTP**

Any decision of HKSTP made pursuant to or in relation to this Guide (including without limitation the assessment of the application, the assessment of any Milestone and the approval and calculation of the subsidy) shall be final, conclusive and binding on the Applicants (and the Enrolled Companies, as the case may be). HKSTP has the sole and absolute right to interpret any terms or conditions in this Guide. Any disputes in relation to this Guide shall be determined by HKSTP at its sole and absolute discretion and HKSTP's determination shall be final and binding on the Applicant (or the Enrolled Company, as the case may be).

If there is any discrepancy between any provision of: (i) this Guide, on one side, and (ii) any Programme Agreement, on the other side, the provisions of the Programme Agreement shall prevail.

### Application Document Guide

1. Each application must contain all of the following documents:
  - a. Application Form<sup>1</sup>;
  - b. a summary of proposed Milestones<sup>2</sup>; and
  - c. Business Proposal<sup>3</sup> (of minimum 15 A4 pages and maximum 25 A4 pages).
  
2. In addition to the above documents, the Applicant should provide all of the following supporting documents:
  - a. the effective and up-to-date Hong Kong Business Registration Certificate of the Applicant;
  - b. the Certificate of Incorporation of the Applicant;
  - c. the Articles of Association of the Applicant;
  - d. a complete and up-to-date group structure chart of the Applicant, showing all “**Group Companies**” (meaning the Applicant and its direct and indirect subsidiaries and parent companies, and other companies under common control) and the Applicant’s ultimate individual owner(s);
  - e. the audited financial statements for the previous financial year of the Applicant and (on a consolidated basis) the Group Companies;
  - f. latest management accounts for the current financial year of the Applicant and (on a consolidated basis) the Group Companies, as of a date no more than 3 months before the date of application;
  - g. a complete and up-to-date organization chart of the Applicant, showing the full name and the position of its staff and indicating the function of each of its staff (R&D or non-R&D);
  - h. the complete and up-to-date Curriculum Vitae of all key staff of the Applicant with clear illustration of their academic qualification and detailed working experience;
  - i. a detailed financial forecast for the period of the Elite Programme<sup>4</sup>;
  - j. a presentation deck in powerpoint format covering key items (including but not limited to the introduction of the Applicant’s business, future plan of the Applicant and the milestone summary of the Applicant); and
  - k. other supplementary information such as pictures, diagrams and technology illustration, and any other documents and information as may be requested by HKSTP at its sole and absolute discretion.

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<sup>1</sup> in such form as may be prescribed by HKSTP from time to time; the Applicant may reach out to the enquiry contact stated in Section 2.3 of this Guide to obtain the latest form.

<sup>2</sup> in such form as may be prescribed and contain such details as may be requested by HKSTP from time to time; the Applicant may reach out to the enquiry contact stated in Section 2.3 of this Guide for further information.

<sup>3</sup> the guidance notes for preparing the Business Proposal are set out in Schedule 1 to this Annex 1.

<sup>4</sup> in such form as may be prescribed and contain such details as may be requested by HKSTP from time to time; the Applicant may reach out to the enquiry contact stated in Section 2.3 of this Guide for further information.

## Schedule 1 to Annex 1

### Guideline for Business Plan

(Minimum 15 A4 pages and maximum 25 A4 pages)

#### 1. Executive Summary

#### 2. Technology

- 2.1. Is the proposed product/service unique, innovative and disruptive?
- 2.2. What is the IP position/strategy of the technology?
- 2.3. Does the Applicant have freedom-to-operate the technology?
- 2.4. How long will the Applicant enjoy IP protection? Is it long enough to generate adequate profits?
- 2.5. If the patent position is weak, what other advantages does the Applicant have over the competition?
- 2.6. Is your product/service subject to regulatory compliance (e.g. FDA's or Hong Kong Pharmacy & Poisons Board's approval)? If yes, how long do you think you can obtain the necessary approval?
- 2.7. What is your technology development roadmap in terms of time, resources, and strategy to develop the product(s) or service(s)?
- 2.8. Is there any ethical considerations in your research and how do you address them?

#### 3. Market Opportunity

- 3.1. What is your business model?
- 3.2. What is your competitive advantage against competing patents/ research labs/products/ companies?
- 3.3. What is the addressable market size?
- 3.4. Is there interest from potential customers?
- 3.5. Do you have a market development roadmap? What are the possible barriers to entry?
- 3.6. What is the time to market? Do you have plans for long term funding?
- 3.7. What is the manufacturability/scalability of the technology? How easy is it to scale up the technology for mass production?

#### 4. Value Proposition

- 4.1. Explain why customers will want to buy your product, process or services, including the customer needs, desires and drivers (what motivates them to buy?)
- 4.2. The competitive advantage (how your product, process or service is superior to currently available offerings) and who are the most lastly competitors for your new offering?
- 4.3. Is there any independently verifiable evidence of why customers want your product, process or service, and why they would be prepared to pay for your product, process or service at your proposed price?
- 4.4. What evidence do you have to confirm the functionality and/or technical viability of your product, process or service?

#### 5. Management Capability



Does the team has the appropriate level of expertise in:

- (a) The relevant market sector/technology domain management;
- (b) Commercialization; and/or
- (c) Business management.

## 6. **Economic Benefits / Contribution / Impacts to Ecosystem**

- 6.1 Explain how the Applicant will benefit Hong Kong (e.g. new direct or indirect jobs) and/or promote economic growth and improve Hong Kong's participation and competitiveness in the global economy.
- 6.2 Explain what significant spill-over benefits will accrue to Hong Kong including:
  - (a) diffusion of knowledge and skills;
  - (b) diffusion of novel products, processes or services; and/or
  - (c) increased collaboration between businesses and/or businesses and research institutions.

## 7. **Execution Plan**

A sound execution plan to achieve the milestone targets and manage the risks, for example:

- (a) A clear set of objectives;
- (b) The marketing strategy on how to expand in the existing and new market;
- (c) An understanding of the key structural or market challenges to be resolved;
- (d) The IP strategy on how to protect your core technology and maintain your competitive advantages;
- (e) The manufacturing strategy to scale up your productivity;
- (f) The financial plan on fund raising and utilization and how to align financial management with business objectives;
- (g) The R&D execution plan, outputs and how the progress towards achieving the outputs will be tracked and evaluated in concrete and measurable manner; and/or
- (h) A risk analysis including description of the risk, likelihood, possible impact and mitigation strategies.

### Standardized Definitions of Possible Milestone Metrics

For the purposes of this Annex 2, the capitalized terms “Application Form”, “Business Plan”, “Company”, “Commencement Date”, “Group Companies”, “HKSTPC”, “Milestone Reports”, and “R&D” used below shall have the meanings to be ascribed thereto under the Milestone Funding Agreement to be entered into by and between HKSTPC and the relevant Enrolled Company.

For the avoidance of doubt, the examples of non-eligible items in the below definitions (including without limitation those under “**R&D CAPEX**”, “**R&D Staff Costs**” and “**R&D Direct Costs**”) shall NOT be construed as the exhaustive lists of non-eligible items of such definitions. In the event the Applicant or Enrolled Company has any doubt about whether any item can be covered by the relevant definitions, it should consult HKSTP in writing.

“**Fundraising**” means fundraising of the Company/Group Companies, including (but is not limited to) by issuance of equity shares, equity convertibles and derivatives, as well as loan and debt instruments. All the above Fundraising shall be considered as acceptable upon the money received by the Company/Group Companies.

For the avoidance of doubt, all grants, subsidies, reimbursement, concession and/or funding of whatever nature that are offered by the Government of Hong Kong (including without limitation by HKSTPC, its affiliates or any other statutory body) and government from all other jurisdictions, whether directly or indirectly, shall NOT be accepted.

“**R&D CAPEX**” means R&D capital expenditure, and shall comply with the following requirements:

- a) such capital expenditure shall be incurred by the Company/Group Companies and only up to 50% of it can be incurred outside Hong Kong;
- b) without prejudice to paragraph (a), when certain R&D tasks need to be conducted outside Hong Kong (whether or not exceeding the 50% threshold described in paragraph (a)) or incurred by another Group Company, the relevant capital expenditure will only be recognized as R&D CAPEX if the Company/Group Companies has informed HKSTPC in writing, and HKSTPC has provided prior written approval for the incurrence of such capital expenditure;
- c) with respect to the use of any “new equipment” (meaning equipment that is owned, received and fully paid by the Company/Group Companies after the Commencement Date):
  - i. cost of “new equipment” for implementing the R&D content under the Business Plan can be covered as R&D CAPEX; if the “new equipment” is to be shared among different functions (i.e. for both R&D and services), with its cost charged on a pro-rata basis under each project, the Company/Group Companies are required to maintain a record on the usage of such equipment by the R&D projects for cost allocation purpose in order for such portion to be considered R&D CAPEX;
  - ii. the title to “new equipment” will be held and maintained in Hong Kong by the Company/Group Companies in order for the relevant capital expenditure to be considered R&D CAPEX; and
  - iii. specifically, R&D CAPEX does not cover:
    - I. charges/time cost for use or purchase of equipment that was acquired by the Company or a Group Company before the Commencement Date;
    - II. depreciation/amortization provisions which do not represent the actual expenses incurred; and
    - III. general office or information technology equipment.

“**R&D Staff Costs**” means the costs of R&D staffs, and shall comply with the following requirements:

- a) subject to (b) below, R&D Staff Costs primarily cover the base salary of staff who engage in technical R&D activities, including employer’s mandatory contribution to the Mandatory Provident Fund (i.e. minimum mandatory contribution in force from time to time) with respect to such staff;
- b) R&D Staff Costs do not cover sales commissions, bonuses, contract gratuities since the date of the Group Company’s admission to the Elite Programme, general fringe benefits and allowances such as expenses on housing (including nominal rental for quarters), education, training, passage and travelling, food, medical, dental, insurance, severance payment, long service payment, overtime and untaken leave, and other similar costs or expenses;

- c) subject to the above, if only part of the working time of R&D project coordinator(s), deputy R&D project coordinator(s) and R&D project team members is deployed for R&D activities, then they may count their working time spent on the R&D activities and charge the base salary under R&D Staff Costs based on their time spent on R&D a pro-rata basis;
- d) in general, remuneration of the Company's or any Group Company's directors or direct/indirect shareholders shall not be covered under R&D Staff Costs; if any such shareholder/director is appointed as the R&D project coordinator, the deputy R&D project coordinator or a R&D project team member, such person shall provide declarations to HKSTPC as to all of his/her remunerated office(s) or employment(s) upon submitting the Application Form and the Milestone Reports; and
- e) R&D Staff Costs shall only cover the costs paid to full-time staff who engage in technical R&D activities. For the avoidance of doubt, all costs paid to part-time staff, external consultants or other staff who are not employed directly by the Company/Group Companies shall not be covered. HKSTPC shall have the sole and absolute discretion to determine whether such remuneration should be covered under R&D Staff Costs.

**"R&D Direct Costs"** means the direct costs incurred under the R&D content of the Business Plan, and shall comply with the following requirements:

- a) the following cost items incurred by the Company/Group Companies to drive the R&D content under the Business Plan are eligible to be covered as R&D Direct Costs:
  - i. outsourcing to third party technology vendor;
  - ii. consumables (provided that an itemised breakdown of the cost and quantity should be provided to HKSTPC);
  - iii. production of samples/prototypes (e.g. IC tape-out, PCB fabrication, MPW (Multiple Project Wafer), IC packaging) required for functional verification instead of commercial production purposes;
  - iv. industrial standards (e.g. product safety) and compliance testing (e.g. UL, CE, FCC) conducted by certified laboratories;
  - v. the necessary testing and certification to certify the functionality as described in the application (e.g. functional test, reliability test, failure analysis);
  - vi. industrial design;
  - vii. pre-clinical study and clinical trial;
  - viii. patent registration fee for functional inventions directly related to the project;
  - ix. cost of renting and repairing the equipment specifically for carrying out the R&D content under the Business Plan; and
  - x. expenses for market research subject to prior written approval of HKSTPC (at its sole and the absolute discretion);
- b) the following cost items are not eligible to be covered as R&D Direct Costs:
  - i. rates, rental, renovation, and operation, repair and maintenance expenses of or relating to building facilities (including office, laboratory, accommodation);
  - ii. repair and maintenance expenses of equipment;
  - iii. cost of setting up office or forming association/consortium;
  - iv. utilities, including charges for electricity, gas, water, telephone and fax;
  - v. transportation costs, including shuttle bus services and home to workplace travelling expenses;
  - vi. cost arising from conference calls/video conferencing/exchange of documents/overseas visit by project team members, consultant(s) or advisor(s);
  - vii. general administration and office expenses;
  - viii. staff-related costs, including provident fund handling charges, staff training and development cost and staff facilities;
  - ix. entertainment expenses, and any prizes, either in the form of cash or other types of souvenirs;
  - x. advertisement;
  - xi. organisation of trade missions and participation fees at study/trade missions for individuals/companies;
  - xii. charges for non-R&D services (e.g. accounting, personnel, procurement, library, security, cleansing, legal, bank, and central and departmental administrative support, etc.);
  - xiii. cost related to prior/subsequent year(s)/period(s) adjustment(s); and
  - xiv. capital financing expenses, e.g. mortgage and interest on loans/overdrafts;
- c) if the Company/Group Companies is a biomedical company (as to be determined HKSTP),

notwithstanding any provision to the contrary, the Company/Group Companies shall provide (and evidence as appropriate) the following information and document to HKSTP (in each case, to HKSTP's reasonable satisfaction) in order for the relevant costs of outsourced R&D activities to be covered under R&D Direct Costs:

- i. documentary evidence of its rightful ownership of the intellectual property (IP) of the respective project(s) or the outcome of the relevant R&D activities;
- ii. the Company/Group Companies has a long-term commitment to carry out R&D activities in Hong Kong as set out in its Business Plan;
- iii. the Company/Group Companies has the capability to manage the outsourced R&D activities;
- iv. the Company/Group Companies must provide justifications under the following circumstances:
  - I. if the outsourced activities are to be performed in Hong Kong, the reason why they cannot be performed in-house or by a designated local research institution as recognized under Section 19(1) of Schedule 45 of the *Inland Revenue Ordinance* (Cap 112) ("**DLRI**");
  - II. if the outsourced activities are to be performed outside Hong Kong, the reason why they cannot be performed in Hong Kong;
- v. the outsourced contractor (e.g. contract research organisation) is a qualified entity and does not relate to the Company/Group Companies in any manner;
- vi. the outsourced activities must meet the Hong Kong Inland Revenue Department's definition of R&D activities under the R&D Tax Deduction Regime (even though these expenses may not be deductible under the Tax Reduction Regime because the activities are not carried out by a DLRI).

**"R&D Hiring"** means the staff employed by the Company/Group Companies who are engaged in technical R&D activities, and shall comply with the following requirements:

- a) in general, it should only cover the staff whose salaries are included in R&D Staff Costs. All part-time staff, external consultants or other staff who are not employed directly by the Company/Group Companies shall not be covered. HKSTPC shall have the sole and absolute discretion to determine whether such staff should be covered under R&D Hiring;
- b) for R&D project coordinator(s), deputy R&D project coordinator(s) and R&D project team members who spent their working time in both the R&D activities and other services, the headcount should be counted based on the time spent on R&D activities on a pro-rata basis;
- c) for newly joined staff, the staff should be hired by the Company/Group Companies and its employment should be commenced at least one month before the date of each Interim Milestone or Annual Milestone. For any terminated staff throughout the Programme Period, the HKSTPC will understand the reason for termination and reserve the right to exclude it from the R&D Hiring;
- d) the Company/Group Companies shall submit documentary evidence (e.g. Tax Return, MPF Statements, Organisational Chart with the name, title and department, etc.) showing the Company/Group Companies' number of R&D employment. For the avoidance of doubt, only evidence provided by 3<sup>rd</sup> parties are accepted, employment contract and other documents that are produced by the Company/Group Companies will not be considered.

**"Revenue"** means the total revenue generated from the principal activities of the Company/Group Companies in accordance with Hong Kong Financial Reporting Standards or International Financial Reporting Standards, and shall comply with the following requirements:

- a) in general, all Revenue should be generated by the Company/Group Companies; ;
- b) the Revenue shall be recognized and measured applying the Hong Kong Financial Reporting Standards or International Financial Reporting Standards and it shall be the recognized and measured applying the same accounting standards of the Company's audited financial statements;
- c) other income, such as bank interest income, income generated from government funding, investment income, exchange difference, gain from disposal of assets, etc. shall not be covered as Revenue;
- d) in general, revenue generated by related parties (that are not Group Companies) should not be covered as Revenue; the Company/Group Companies should make prior written declarations to HKSTPC of such revenue, and HKSTPC shall have the absolute discretion to determine whether such declared revenue should be covered as Revenue;
- e) percentage of Revenue generated outside Hong Kong refers to the Company's/Group

- Companies' Revenue generated outside Hong Kong over the total Revenue generated of the relevant period;
- f) Revenue generated outside Hong Kong refers to the Revenue generated from distributing products or rendering services to companies or individuals located and operated outside Hong Kong;
  - g) for percentage of revenue and number of countries with revenue generated outside Hong Kong, only incremental part (against its previous year) will be scored; and
  - h) the Company/Group Companies should list out the details on the Revenue generated outside Hong Kong upon submitting the Milestone Report, including the breakdown of Revenue generated from each countries/cities/customers. HKSTPC reserve the right to further assess the source of income by obtaining the relevant supporting documents, such as agreements, invoices, goods received notes, bank slip, etc. and the HKSTPC shall have the sole and absolute discretion to determine whether such income should be covered under Revenue.

### Milestone Report Guide

1. Each Milestone Report must contain all of the following documents:
  - a. a programme update report and Milestone performance summary (the “**Milestone Summary**”), describing in detail whether the Enrolled Company has met each requirement constituting the relevant Milestone, and provide all relevant information relating to the Enrolled Company’s actual performance in connection with each requirement constituting the relevant Milestone;
  - b. the then effective and up-to-date Hong Kong Business Registration Certificate of the Enrolled Company;
  - c. a complete and up-to-date group structure chart of the Enrolled Company, showing all Group Companies (as defined in Annex 1) and the Enrolled Company’s ultimate individual owner(s);
  - d. a complete and up-to-date organization chart of the Applicant, showing the full name and the position of its staff and indicating the function of each of its staff (R&D or non- R&D);
  - e. the complete and up-to-date Curriculum Vitae of all key staff of the Enrolled Company with clear illustration of their academic qualification and detailed working experience;
  - f. an updated presentation deck in powerpoint format covering key items (including but not limited to the update of the Enrolled Company’s business performance and R&D activities and the actual performance of each milestone metrics of the Enrolled Company);
  - g. the management accounts of the Enrolled Company and (on a consolidated basis) the Group Companies, covering the period from the latest audited financial statements (to be submitted under paragraph (h) below) until the corresponding date of the relevant Milestone;
  - h. the audited financial statements for the financial year (immediately before the corresponding date of the relevant Milestone) of the Enrolled Company and (on a consolidated basis) the Group Companies;
  - i. With respect to an Annual Milestone, an auditors’ assurance report assuring and confirming the Milestone Summary and satisfying the requirements stated below in Schedule 1 to this Annex 3 (the “**Auditor Assurance Report**”);
  - j. a declaration (in such form as may be prescribed by HKSTP from time to time) from the Enrolled Company that the “Covered Expenses” have not been (and will not be) otherwise funded/covered by any other grants, subsidies, reimbursement, concession and/or funding offered by the Government of Hong Kong (including without limitation by HKSTP, its affiliates or any other statutory body), whether directly or indirectly; and
  - k. other supplementary information such as pictures, diagrams and technology illustration, and any other documents and information as may be requested by HKSTP at its sole and absolute discretion.

### Schedule 1 to Annex 3

#### Auditor Assurance Report Guide

1. The Enrolled Company is required to engage an independent auditor (s) who must be Certified Public Accountants/Public Accountants registered under the Professional Accountants Ordinance (Cap. 50) (the “Auditors”) to prepare and issue each Auditor Assurance Report.
2. The Auditor Assurance Report shall cover:

Category	Required Auditing/Assurance
<b>Number of R&amp;D staff as of the date of the relevant Annual Milestone</b>	Auditor Assurance Report should certify that the number of R&D staff stated in the Milestone Summary or elsewhere in the Milestone Report is correct and accurate.
<b>“R&amp;D CAPEX”, “R&amp;D Direct Costs”, and “R&amp;D Staff Costs” for the 12 months before the date of the relevant Annual Milestone</b>	Auditor Assurance Report should certify that (a) such expenditure and costs were eligible under the relevant definitions and terms under this Guide or the Milestone Funding Agreement; and (b) a detailed breakdown of such “R&D CAPEX”, “R&D Direct Costs”, and “R&D Staff Costs” (including the amount funded by the Government of Hong Kong, if any).
<b>“R&amp;D Direct Costs” (for outsourced R&amp;D activities of biomedical companies)</b>	Auditor Assurance Report should certify that such expenses were expended in a proper manner.
<b>Total “Revenue”; amount and percentage of “Revenue” generated outside Hong Kong; and the “Revenue” breakdown by countries; in each case, for the 12 months before the date of the relevant Annual Milestone</b>	Auditor Assurance Report should certify that (a) such relevant “Revenue” was eligible under the relevant definitions and terms under this Guide or the Milestone Funding Agreement; and (b) a detailed breakdown of such relevant “Revenue” by countries.
<b>Amount of “Fundraising” from investors for the 12 months before the date of such Annual Milestone</b>	Auditor Assurance Report should certify the amount of “Fundraising” from investors for the 12 months before the date of such Annual Milestone.

3. The Enrolled Company should specify in the engagement letter for the Auditors that HKSTP and its authorised representatives shall have the right to communicate with the Auditors on matters concerning the Auditor Assurance Report and the supporting statements.
4. In conducting such audits, the Auditors should comply with the relevant Standards and Code of Ethics issued and updated from time to time by the Hong Kong Institute of Certified Public Accountants.

### Assessment Principles

For the satisfactory completion of each Milestone, **both** of the quantitative assessment and qualitative assessment as set forth in the table below shall be passed with respect to such Milestone:

	Assessment of each Interim Milestone	Assessment of each Annual Milestone
<b>Part A – Quantitative Assessment:</b>	<ol style="list-style-type: none"> <li>1. To be conducted by an assessment team consisting of HKSTP’s representatives.</li> <li>2. The assessment team will compare whether the actual performance of the Enrolled Company (based on the relevant Milestone Report and other information as may be requested by HKSTP) as at the date of such Milestone (and for the 6 months prior to such date) has met the requirements constituting the relevant Milestone.</li> </ol>	<ol style="list-style-type: none"> <li>1. To be conducted by an assessment team consisting of both: (i) HKSTP’s representatives; and (ii) a panel of external experts as to be selected by HKSTP at its sole discretion.</li> <li>2. The assessment team will compare whether the actual performance of the Enrolled Company (based on the relevant Milestone Report and other information as may be requested by HKSTP) as at the date of such Milestone (and for the 12 months prior to such date) has met the requirements constituting the relevant Milestone.</li> </ol>
<b>Part B – Qualitative Assessment:</b>	<ol style="list-style-type: none"> <li>1. To be conducted by an assessment team consisting of HKSTP’s representatives.</li> <li>2. The assessment team will investigate and identify if there is any major issue relating to any of the Enrolled Company, its group companies, the SAFE Obligor or any Key Shareholder (including without limitation any ethical issue or litigation or any other Material Adverse Event (to be defined in the Milestone Funding Agreement)). If there is any, HKSTP has the sole and absolute discretion to deem the relevant Milestone not satisfactorily completed.</li> </ol>	<ol style="list-style-type: none"> <li>1. To be conducted by an assessment team consisting of both: (i) HKSTP’s representatives; and (ii) a panel of external experts as to be selected by HKSTP at its sole discretion.</li> <li>2. Based on the relevant Milestone Report and other information as may be requested by HKSTP, the assessment team will review the qualitative performance of the Enrolled Company during the 12 months before the date of such Milestone (including without limitation in relation to the Company’s technology, market opportunity and value proposition, management capability, economic benefits, contribution and impacts to ecosystem, execution plan, financial resources and business plan).</li> <li>3. The assessment team will also investigate and identify if there is any major issue relating to any of the Enrolled Company, its group companies, the SAFE Obligor or any Key Shareholder (including without limitation any ethical issue or litigation or any other Material Adverse Event (to be defined in the Milestone Funding Agreement)). If there is any, HKSTP has the sole and absolute discretion to deem the relevant Milestone not satisfactorily completed.</li> </ol>



In general, the assessment principles of a PIP shall be consistent with those of an Interim Milestone, provided that HKSTP may set such further assessment requirements and conditions with respect to a PIP at HKSTP's sole and absolute discretion.

## **Software Code of Ethics**

### **SOFTWARE PIRACY**

Unauthorised duplication of copyrighted computer software (irrespective of whether such activities are carried out in Hong Kong or elsewhere outside Hong Kong) violates the law and is contrary to HKSTP's standards of conduct. Each Enrolled Company disapproves such copying and recognizes and undertakes to observe and comply with the following principles as a basis for preventing its occurrence: -

- The Enrolled Company will neither commit nor tolerate the making or use of unauthorised software copies under any circumstances.
- The Enrolled Company will provide legitimately acquired software to meet all legitimate software needs in a timely fashion and in sufficient quantities for all the Enrolled Company's computers and such computers as the Enrolled Company may from time to time use.
- The Enrolled Company will comply with all licence or purchase terms regulating the use of any software the Enrolled Company acquires or uses.
- The Enrolled Company will enforce strong internal controls to prevent the making or use of unauthorised software copies, including effective measures to verify compliance with these standards and appropriate disciplinary action for violations.

### **INTERNET**

Each Enrolled Company understands that the Internet service (the shared direct Internet access service) as provided by HKSTP to the Enrolled Company, if applicable, is for email, simple internet browsing and simple web services (not involve IM's video calls) that are not bandwidth demanding. The Enrolled Company will not use it as a primary medium for conducting the Enrolled Company's businesses.