



**Hong Kong Science and Technology Parks Corporation**

# **Incu-Tech Programme Guide**

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## 1. Introduction

The Incu-Tech Programme (“Programme”) is a 3-year programme provided by Hong Kong Science and Technology Parks Corporation (HKSTPC). It aims to support the growth and development of technology start-ups in Hong Kong. This Guide provides information about the application requirement and funding support of the Programme.

## 2. Application

### 2.1. Eligibility Criteria (Full version of Admission Criteria, please see Annex 2.)

To be eligible for the Programme, Applicants must meet each of the following eligibility criteria:

- (a) The Applicant must be a HKSAR registered and incorporated technology start-up company limited by shares under the Companies Ordinance.
- (b) The Applicant’s date of incorporation should be:
  - (i) No more than three (3) years if the Applicant has currently or previously joined the Science and Technology Entrepreneur Programme (STEP) operated by HKSTP.
  - (ii) No more than three (3) years if the Applicant was incorporated outside Hong Kong.
  - (iii) No more than two (2) years for all other Applicants.
- (c) The founder(s) of the Applicant must
  - (i) have not currently or previously joined the Incubation Programme offered by either HKSTPC or Cyberport Management Company Limited; or
  - (ii) have only joined either one of these Programmes for one time only in the past. In other words, the present application is the founder’s second attempt to join this Programme.
- (d) The Applicant’s activities must be related to technology such as Electronics, Information & Communications Technology, Material and Precision Engineering or Green Technology.

- (e) The Applicant is committed to comply with the following requirement throughout the Programme :
- (i) The founders of the Applicant collectively (legally and beneficially) must hold at least 51% of the company shares at the time of application submission and throughout the Programme Period. Such founders can be individual shareholders, non-holding companies (as reflected by the Articles of Association or any other valid supporting documents of such companies) or operating holding companies which fulfills this admission criterion and admission criterion point (a) – (c).
  - (ii) At least one full-time staff in the company and all staff must be lawfully employable in Hong Kong.
  - (iii) At least 51% of full time staff must be engaged in R&D work and based in Hong Kong Science Park.
  - (iv) The Applicant should not join the Incubation Programme operated by HKSTPC or Cyberport Management Company Limited concurrently.
  - (v) The Applicant must engage in R&D activities in the Incubation Centre and/or the Approved Centres, pure sales and marketing office is not permitted. No retail or mass production activities is allowed at the premises.
- (f) The team of full-time engineers and technologists of the Applicant must, individually or collectively, (legally and beneficially) own at least 10% of the Applicant's issued shares. If the Applicant has licensed technology from a university or research institute with due approval, any shares of the Applicant held by its founding university professor(s) or founding technology inventor(s) who invented the technology, disregarding his/her full or part-time status, shall count towards the aforesaid 10% share ownership requirement unless HKSTPC determines otherwise.

## **2.2. Application Procedure**

- 2.2.1. To apply for the Programme, the applicant must complete an Application Form and submit the required documents. Please refer to the Application Guide at **Annex 1**. The Application Form must be completed by an authorised representative of the Applicant. HKSTPC reserves the right to seek additional information as it deems necessary. An Applicant shall also provide all

clarification, information and documents requested by HKSTPC from time to time for processing its application.

- 2.2.2. The Applicants should note that the maximum space allocated to an Incubatee is 1,600 sq. ft. HKSTPC has the sole discretion in deciding the space and location to be allocated to the Incubatee.
- 2.2.3. If an Applicant defers the submission of the clarifications, information and documents requested by HKSTPC for processing its application for more than two months, the application may be considered as being withdrawn.
- 2.2.4. Unsuccessful applicant can submit a new application one (1) month after it is rejected. However, if a new application is substantially the same as a previous ineligible or unsuccessful application, HKSTPC may refuse to consider it.

### **2.3. Enquiries**

Incu-Tech Admission Team  
Tel. No.: 2629 6873  
e-mail : [biadmin@hkstp.org](mailto:biadmin@hkstp.org)

## **3. Assessment and Approval**

### **3.1. Eligibility Checks and Assessment Panel**

- 3.1.1 All applications received will be checked to confirm the eligibility criteria have been met. Eligible applications will be assessed by an Assessment Panel. Panel members will be required to adhere to the probity requirements in accordance with HKSTPC's policy.
- 3.1.2 A list of Panel Members can be found in our Website. Should an applicant identify a potential conflict of interest (e.g. they become aware that a panel member is a current or former supervisor, colleague or collaborator, or a relative, friend or personal acquaintance), they should notify HKSTPC via email as soon as they become aware of such a situation. A potential conflict of interest will not adversely affect the application; however, the HKSTPC will seek to ensure it is assessed independently by other members of the panel in order to avoid any potential probity concerns.

### **3.2. Assessment Criteria**

- 3.2.1 Eligible applications will be evaluated based on the following assessment criteria:
- (a) Innovation and Technology
  - (b) Business Model and Business Plan
  - (c) Team/Personnel Competence
  - (d) Milestone Plan for the 3-year Incu-Tech Programme

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

- 3.2.2 [The Assessment Panel](#) may require the Applicant to address its comments on the application (e.g. scope, budget and milestones, etc.). In such a case, the Applicant may be required to submit any additional information together with other necessary documents as requested by HKSTPC.

### **3.3. Contractual Agreement**

Under this Programme, Incubatees are offered an office space, technology & business development support & services and financial support. Successful applicants are required to sign a Licence Agreement and a Funding Agreement (if applicable) with HKSTPC.

## **4. Progress Review**

- 4.1. HKSTPC will assess the progress of the Incubatee in implementing the committed task activities according to the committed milestones. Methods of monitoring include on-site visit, review of submitted milestone progress report specifying any progress or achievement in research and development, technology/management awards, progress in intellectual property works and study, patent, trademark, registered design, funding received, corporate restructuring such as IPO / joint venture arrangement / mergers and acquisition / spin-off etc status if applicable, sales orders achieved and number of staff employed; audited financial statements, management accounts, management reports and other supporting documents.
- 4.2. There will be six milestone review meetings throughout the 3-year incubation programme. The first meeting will be held 3 months after the Incubatee has joined the programme and every 6 months afterwards.
- 4.3. Any material modification to the Business Proposal of the Incubatee (including but are not limited to change of key team members, deliverables, change of R&D or business scope) shall require prior written approval from HKSTPC.

- 4.4. In any circumstance that HKSTPC considers the Incubatee has failed to achieve the committed milestones without any valid and acceptable explanation, the Licence Agreement and Funding Agreement (if applicable) shall be terminated at the sole and absolute discretion of HKSTPC. If HKSTPC considers that the Incubatee has failed to achieve the committed milestones and valid and acceptable explanation are provided, the Incubatee will be put under the Performance Improvement Plan. In such a case, the Incubatee will normally be required to prepare a revised plan for the next 6 months which is subject to prior approval of HKSTPC. In the event that the Incubatee fails to achieve the revised targets or plans during the next six months, the Incubatee will be considered unable to achieve the Milestones Assessment, and all the funding support will be immediately withdrawn and the Incubatee will be required to vacate the premises in accordance with paragraph 11 of this Guide. It is an incubatee's responsibility to attend any training, seminar, introductory workshop, etc., as requested by the Account Managers or by the Incubation Office. HKSTP has the sole and absolute right to include this request as part of the milestone assessment requirement. Failure to meet this requirement will be reflected in the milestone assessment and its results.

## 5. Funding Support

### 5.1. General Guideline

- 5.1.1. Disbursement of funds to the Incubatee will only be made when HKSTPC is satisfied with the progress of the Incubatee.
- 5.1.2. As a general rule, it is not permissible to duplicate support available from other Hong Kong Government funding grants (no double payment for the same part of an expenditure item) unless written approval is given by HKSTPC on a case-by-case basis. The Incubatee will have to declare if it has received or will receive other funding sources in its expenses claim form.
- 5.1.3. The unused balance of the funding support will be forfeited upon graduation or termination of the Programme.
- 5.1.4. The Incubatee should ensure that all procurements for goods and services for the purpose of the grant are carried out in an open and fair manner and must comply with the procurement guidelines as set out in Table 1 below. Split purchase is strictly prohibited.

Table 1 - Procurement Guidelines

| Aggregate value of each procurement | Requirement |
|-------------------------------------|-------------|
|-------------------------------------|-------------|



|                                  |   |
|----------------------------------|---|
| \$10,000 or above                | Written quotations from at least 2 suppliers  |
| \$50,000 and less than \$500,000 | <ul style="list-style-type: none"> <li>Written quotations from at least 3 suppliers</li> <li>Pre-approval from HKSTPC is required for \$100,000 or above</li> </ul> |

5.1.5. In case the Incubatee is not able to follow the above procurement procedures or intends to procure goods or services from one company/organisation/individual, it has to provide details, sufficient justifications and its relationship with the Incubatee company/organisation/individual for not following the open procurement process set out above, prior approval from HKSTPC is required.

## 5.2. Maximum Funding Support

5.2.1. The maximum funding support for an Incubatee throughout the 3-year incubation programme is HK\$1,290,000. The funding support is subject to change at the sole discretion of HKSTPC.

### **No payment proof required:**

(a) Financial Subsidy (Grant) : HK\$ 480,000

### **Pre-approval and payment proof required:**

(b) Targeted Funding : HK\$ 360,000

### **Rental Subsidy (HKSTPC's leased area)**

(c) The maximum rental subsidy : HK\$ 450,000

Note that the rental subsidy for the 3-year programme is \$12,500 per month. The unspent balance of the 1<sup>st</sup> and 2<sup>nd</sup> year can be carried forward to the 3<sup>rd</sup> year.

## 5.3. Financial Subsidy Funding Disbursement

The incubatee will receive a financial subsidy of HK\$80,000 for its R&D development after satisfactory assessment by HKSTPC at each milestone review meeting. There is no need to provide any payment proof for the subsidy but the amount should be shown in the audited financial statements.

## 5.4. Targeted Funding Disbursement

### 5.4.1. Supportable Costs

The incubatee will receive a targeted funding at a maximum amount of HK\$360,000. HKSTPC **will subsidise 75% of the supportable costs** (see Table 2 below). HKSTPC has sole discretion to determine the eligibility of the expenses.

Table 2: Targeted Funding Supportable Costs

| Supportable Costs       |   | Remarks   |
|-------------------------|---|---|
| 1 R&D Expenses          |   |   |
| (a)                     | Certification expenses  | For example, Product/ ISO/ QAA, etc.  |
| (b)                     | R&D projects conducted in partnership with local universities   | Prior written approval must be obtained from HKSTPC   |
| (c)                     | Specified services provided by InnoSpace of Hong Kong Productivity Council  | A list of specified service can be found on the “PartnerConnect” portal.  |
| (d)                     | Product trial in Science Park (“First@SciencePark” projects)  | <u>Items supported:</u><br><ul style="list-style-type: none"> <li>• Installation costs</li> <li>• Dismantle costs</li> <li>• Insurance</li> </ul>   |
| (e)                     | The salary of student internship employed at Hong Kong Science Park including employer’s mandatory contribution to the mandatory provident fund | The salaries must be reasonable and are in line with market rates.  |
| (f)                     | HKSTPC Lab services   | -   |
| 2 Professional Services |   |   |
| (a)                     | Accounting and auditing Services  | The firms employed should be independent of the Applicant, its directors or senior staff  |
| (b)                     | Legal expenses  | Legal expenses related to the Applicant’s business except litigation expenses   |
| 3 Marketing Expenses    |   |   |
| (a)                     | Product or service Exhibition expenses  | <u>Items supported</u><br><ul style="list-style-type: none"> <li>• Flight/Train expenses (economy class only)</li> <li>• Exhibition booth</li> <li>• Logistics expenses</li> </ul> <p>Prior written approval must be obtained from HKSTPC</p> |
| (b)                     | Business Promotion Expenses   | Prior written approval must be obtained from HKSTPC   |
| (c)                     | Venue booking at Science Park or InnoCentre   | -   |

| Supportable Costs |  | Remarks   |
|-------------------|--|---|
| 4                 | Other Expenses                             |   |
| (a)               | Professional training cost                 | Prior written approval must be obtained from HKSTPC |
| (b)               | Attendance of relevant conference or event | Prior written approval must be obtained from HKSTPC |

## 5.5 Disbursement Procedures

- (a) Upon the successful evaluation of the progress of the Incubatee by HKSTPC in Milestone No. 1, 3 and 5, the Incubatee may submit claims for the Targeted Funding. The maximum claimed amount is HK\$120,000 for each of the above-mentioned Milestones.
- (b) The Incubatee should observe the claim procedures as detailed in the Guidance Notes of the Claim Form.
- (c) The unspent balance of the fund can be carried forward to future claims.

## 6. Recovery of Loss

- 6.1. HKSTPC reserves its right to recover any payment to the Incubatee and seek compensation from the Incubatee for any loss or expenses incurred by HKSTPC due to the Incubatee's breaching of the Licence Agreement and this Guide.
- 6.2. HKSTPC reserves its right to recover unspent balance of the disbursed fund, or any amount of the disbursed Fund without appropriate proof documents, or such proof was considered not admissible by HKSTPC or the auditor, upon termination of the Programme for whatever reasons, including but are not limited to: (a) failure to achieve the milestones; (b) breaching of conditions stipulated in the Licence Agreement, this Guide and the Funding Agreement (if applicable).

## 7. Accounting and Auditing

- 7.1. The Incubatee shall engage an independent practicing auditor/an auditing firm to prepare the Auditor's Report and Statement of Expenditure in the format as prescribed by HKSTPC, if requested by HKSTPC.
- 7.2. The Incubatee should properly handle the keeping of books and records of their expenditures utilizing the funding support to facilitate auditors to conduct the reasonable assurance engagement in accordance with the requirements of HKSTPC.

- 7.3. HKSTPC may appoint an accounting firm to perform accounting and auditing services for the Incubatee. These expenses will be deducted from the funding support. The Incubatee cannot refuse such appointment unless valid reasons are provided.

## **8. Audited Financial Report**

Within 90 days after the financial year-end date, the Incubatee shall provide HKSTPC with the audited financial statements and if required, an Audit Report verifying that the grant has been spent in accordance with the Guide.

## **9. Monitoring, Management and Reporting**

The Incubatee shall permit any person authorised by HKSTPC such reasonable access at any time to its employees, auditors, agents, premises, facilities, books and records, for the purpose of inspecting, discussing, monitoring and evaluating the Incubatee's fulfillment of the conditions of the Guide and shall, if so required, provide appropriate oral or written explanations from them.

## **10. Early Graduation**

- 10.1. The Incubatee will be required to early graduate from the Incubation Programme in any one of the following conditions:
- (a) achieved all Milestones prior to expiry of the Programme; or
  - (b) The founders of the Incubatee collectively (legally and beneficially) hold less than 51% of equity; or
  - (c) The Incubatee becomes a listed company in Hong Kong Stock Exchange or in any other jurisdiction.

- 10.2. Please refer to the Termination procedures as stated in the Licence Agreement.

## **11. Termination**

- 11.1. The agreement(s) with Incubatee may be terminated without notice at any time in any one of the following conditions:
- (a) There is a dramatic deviation of research or R&D focus/foci or business

plan as set out in the Application Form, Business Plan or any other documents as submitted by the Incubatee to HKSTPC without prior written consent of HKSTPC.

- (b) The Incubatee did not comply with any the terms and conditions laid down in the Licence agreement, this Guide and all instructions and correspondences issued by HKSTPC or its representative from time to time in respect of the Programme.
- (c) The Incubatee fails to progress in accordance with any of the milestones set out in the Business Plan or Performance Improvement Plan.
- (d) The Incubatee did not use the assigned space appropriately and/or actively.
- (e) The Incubatee engaged in any unlawful, fraud or corruption activity.
- (f) The Incubatee or any of its directors or staff misrepresented or provided any wrongful or incorrect or inaccurate statement(s) in its (i) Application Form, (ii) Milestone Report and (iii) any other matters relating to the eligibility for such Incubatee's continued use and enjoyment of the funding grant and the space provided to the Incubatee.
- (g) The Incubatee mishandled the funding grant or lacked of discipline in financial management.

11.2. Please refer to the Termination procedures as stated in the Licence Agreement.

## **12. Use and Disclosure of Information**

12.1. Unless the information provided to HKSTPC is Personal Information or Confidential Information HKSTPC may disclose the information to any person for any purpose directly related to the activities and functions of the HKSTPC, including but not limited to the purpose of:

- announcing the awarding of grants (where applicable)
- improving the effective administration, monitoring and evaluation of this Programme

12.2. Where the Applicant/Incubatee is asked to submit any information, content or material to HKSTPC ("Content") for the purposes of enabling HKSTPC to assess the Applicant and its suitability as an Incubatee, or for inclusion on HKSTPC's website, the Applicant/Incubatee 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/Incubatee must ensure that all Content submitted to HKSTPC 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/Incubatee shall have sole responsibility for the Content which it submits to HKSTPC and the Applicant/Incubatee shall indemnify and shall keep HKSTPC 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 HKSTPC and arising directly or indirectly from the Content submitted by the Applicant/Incubatee to HKSTPC being in breach of these terms and conditions. Where HKSTPC has relied upon, published or used the Content then the losses to be indemnified by the Applicant/Incubatee shall include all sums claimed from HKSTPC by third parties having relied up on the Content and all sums expended by HKSTPC on the Applicant/Incubatee in connection with the Programme (including but are not limited to any benefits or funding support that the Applicant/Incubatee has received).
- 12.4. The Applicant/Incubatee shall be aware that the Content in the application will be vetted by HKSTPC staff, its advisors and/or the Assessment Panel and will not sign Non-Disclosure Agreement or any document of a similar nature.

## **13. Publicity**

The Incubatee or any of its directors, employees, or agents shall not use the name of HKSTPC or any of its directors, employees or any adaptation of their names, its logo, etc. in any promotional material, other public announcement, events or disclosure without the prior written consent of HKSTPC.

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

- 14.1. The Applicant/Incubatee agrees to undertake all necessary actions in order to prevent possible Fraud and Corruption activities. In pursuance of this policy, the practices constituting Fraud and Corruption are defined as follows:
- (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 Applicant/Incubatee 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. If any breach of clause 14.1 is suspected or known, the Applicant/Incubatee should notify the Chief Compliance Officer of HKSTPC immediately. Please refer to our Whistleblowing Policy located on our website: <https://www.hkstp.org/en/quick-links/corporate-governance/>

## **15. Intellectual Property Rights, Network, Software Piracy and Internet**

The Incubatee should comply with the Terms and Conditions on Intellectual Property Rights, Network, Software Piracy and Internet as detailed in **Annex 2**.

## **16. Personal Information**

- 16.1. The personal data provided to HKSTPC as required will be used by the HKSTPC in relation to the following activities:
- (a) Processing and counter-checking of your application and your claim for the funding support of the 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 the Applicant/Incubatee for the purpose of Programme administration; and
  - (d) Statistics and researches.
- 16.2. In accordance with Sections 18 and 22 and Principle 6 of Schedule 1 of the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong), you have the right to request access to and correction of the personal data supplied by you. Please read our Privacy Policy on HKSTPC's website for more information.

## **17. Obligations**

- 17.1. The Incubatee must comply with the terms and conditions in these Guidelines and the licence agreement to be signed with HKSTPC throughout the application and the Programme period.
- 17.2. The Incubatee shall complete and submit to HKSTPC 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 Licensee and its subsidiaries, if any) after completing the Programme for the purpose of improving the effective administration, monitoring and evaluation of this Programme.

## **18. Changes to Guidelines**

HKSTPC reserves the right to make changes to the above guidelines and any submission templates related to the Programme as and when necessary.



## **Annex 1**

### **Application Guide**

1. Each application must contain the following documents:
  - (a) Application Form
  - (b) Business Proposal (the Guidance Notes are at **Annex 1 (Schedule 1)**)
  
2. In addition to the above documents. The Applicant should provide the following supporting documents:
  - (a) Hong Kong Business Registration Certificate;
  - (b) Certificate of Incorporation;
  - (c) Articles of Association;
  - (d) Latest Annual Return or Incorporation Form (NNC1 or NNC1G) showing the present directors and shareholders;
  - (e) Corporate Structure, if applicable;
  - (f) Latest Audited Financial Statements, if any;
  - (g) Organization Chart;
  - (h) Curriculum Vitae of all full time staff with clear illustration of their academic qualification (course, period & college attended) and detailed working experience (post held, service period & responsibility);
  - (i) Copy of the key technical staff's academic certificates and proof of their latest employment that is relevant to this application;
  - (j) Employment letter of all non-shareholding full time employee;
  - (k) Patent Certificate and/or Patent Application, if any;
  - (l) Other supplementary information such as pictures, diagrams and technology illustration.

**Annex 1 (Schedule 1)**

**Business Proposal Guidance Notes**

Please prepare your Business Proposal in Word document covering all the items below. The minimum pages are 10 A4 pages and the maximum pages are 20 A4 pages.

1. Executive Summary (1 page)
2. Products/Services to be developed (2 pages)
  - (a) Product concept, features and application
  - (b) What it does? What problem it is going to resolve?
  - (c) What is the technology employed and why it is better?
  - (d) What makes your product better than similar products in the market?
  - (e) What is the technology niche and technical challenges?
  - (f) Include pictures or diagrams for illustration if applicable.
3. Research and Development Content and Plan (2 pages)
  - (a) Current status of development
  - (b) What has been done? What will be done?
  - (c) R & D development schedule
  - (d) The inventions or innovations involved in the R & D
4. Sales and Marketing Plan (2pages)
  - (a) Who are the target customers (those who will pay you) and end-users (those who will use the product)?
  - (b) Market size and target market share
  - (c) What is the market niche of the product?
  - (d) What is the current sales status?
  - (e) What are the similar products in the market and who are your competitors?
  - (f) Competitor analysis (comparison in breadth and depth)
  - (g) Pricing and sales strategy
5. Finance (1 page)
  - (a) Amount of Investment by the company shareholders or other investors (including government's funding)
  - (b) Cost and profit margin estimation
  - (c) Sales forecast for the next 3 years
  - (d) When will the Applicant be profitable
  - (e) Cash Flow Status (please refer to the example on p.3)
6. Management and R&D team (as required)
  - (a) Organizational chart

- (b) Background of all key personnel (Detailed C.V. of the key personnel can be attached as appendix of business proposal)
- (c) Future development in manpower

7. Incu-Tech Added Value (0.5 page)

- (a) Which particular service(s) of Incu-Tech will help your company and Why?

8. Key Milestones Summary (2 pages)

**Milestone Summary Specimen (For Reference Only)**

| Assessment Schedule  |  | 0-3   | 4-9   | 10-15   | 16-21  | 22-27   | 28-33   |  |
|--|--|---|---|---|--|---|---|--|
| <b>Product Development Progress</b>  |  |   |   |   |  |   |   |  |
| Design Work  | Original Plan  | DIY device kit design (hardware & software) | Cloud Architecture design, smart router design              | Design of cameras                               | Smart camera (Version 2)   | -   | -   |  |
| Prototype / Demo   | Original Plan  | DIY device kit prototyping & demonstration  | Smart router prototype                                      | Cloud platform demo in various media            | Smart camera small production  | Cloud platform release  | -   |  |
| Launch   | Original Plan  | -   | Launch DIY device kit                                       | Cloud platform free test for DIY user           | Marketing on smart cameras   | Marketing on cloud platform   | Cloud based smart cameras pilot testing                           |  |
| <b>Business Development Progress</b>   |  |   |   |   |  |   |   |  |
| Activities   | Original Plan  | No.   | 0   | 1   | 3  | 1   | 2   |  |
|  |  | Details                                     | -   | Exhibition                                      | Seminar and participate in Industry Collaboration with CUHK; Establish mentorship relationship | Explore business opportunities of designs with high-potential customers | Product demo; site visits for understanding customer requirements | Exhibition x 2; pilot testing at trial customer and demonstrate to operation |
| Partners   | Original Plan  | -   | -   | Build up partnership with industry associations | -  | Research & development partnership with HKUST                           | -   |  |
| Clients  | Original Plan  | No.   | 0   | 1   | 0  | 1   | 2   |  |
|  |  | Details                                     | -   | PCCW Ltd  | -  | Secure contract agreement with trial customer                           | ABC Technology Co Ltd; XYZ Ltd                                    | 0  |
| Sales Revenue (HK\$)   | Original Plan  | Core Product                                | 0.00  | 0.00  | 100,000.00   | 100,000.00  | 150,000.00  |  |
|  |  | Non-Core product                            | 20,000.00   | 25,000.00                                       | 10,000.00  | 10,000.00   | 20,000.00   | 45,000.00  |
| <b>Corporate Development Progress</b>  |  |   |   |   |  |   |   |  |
| I.P. Application   | Original Plan  | Patent                                      | No.   | -   | 2  | -   | -   |  |
|  |  |   | Details   | -   | US Patent granted and filed  | -   | -   | -  |
|  |  | Trademark                                   | No.   | -   | -  | -   | -   | 1  |
|  |  |   | Details   | -   | -  | -   | -   | US trademark: REG No 123456  |
| Other filings  | No.  | -   | -   | -   | -  | -   |   |  |
|  | Details  | -   | -   | -   | -  | -   |   |  |
| Awards   | Original Plan  | No.   | -   | 1   | -  | 1   |   |  |
|  |  | Date & Details                              | -   | Caring company award                            | -  | HKICT award   | -   |  |
| Head Count   | Original Plan  | FT(Tech)                                    | 5   | 5   | 5  | 8   | 10  |  |
|  |  | FT(Non-Tech)                                | 0   | 0   | 1  | 2   | 2   |  |
|  |  | PT  | 1   | 2   | 2  | 2   | 2   |  |
| Organisation Chart   | <pre> graph TD     CEO[CEO Chan Tai Man (FT) (Based in: HK)] --&gt; MD[Managing Director Mary Lee (FT) (Based in: HK)]     CEO --&gt; Sup[Supervisor David Chan (FT) (Based in: HK)]     CEO --&gt; Mgr[Manager Patrick Fong (FT) (Based in: HK)]     MD --&gt; RA1[Research Assistant WK Chan (FT) (Based in: HK)]     MD --&gt; RA2[Research Assistant KY Wong (PT) (Based in: HK)]     </pre> |   |   |   |  |   |   |  |
| Shareholder Structure  | Original Plan  | 100% Chan Tai Man                           |   |   |  |   |   |  |
| Funding (HK\$)   | Original Plan  | Director Loan                               | 400,000.00  | -   | -  | -   | 500,000.00  |  |
|  |  | External Investment                         | -   | -   | -  | 500,000.00  | 500,000.00  |  |
|  |  | Govt/Public Fund                            | -   | 500,000.00                                      | 500,000.00   | -   | -   |  |
|  |  | Debt Financing                              | -   | -   | -  | -   | -   |  |
| <b>Cash Flow Status (HK\$)</b>   |  |   |   |   |  |   |   |  |
| Original Plan  | Opening Cash   | 100,000.00                                  | 100,000.00  | 175,000.00                                      | 285,000.00   | 350,000.00  | 420,000.00  |  |
|  | Additional Funding*  | 400,000.00                                  | 500,000.00  | 500,000.00                                      | 500,000.00   | 500,000.00  | 500,000.00  |  |
|  | Sales Revenue  | 20,000.00                                   | 25,000.00   | 110,000.00                                      | 110,000.00   | 170,000.00  | 295,000.00  |  |
|  | Total Cash In  | 420,000.00                                  | 525,000.00  | 610,000.00                                      | 610,000.00   | 670,000.00  | 795,000.00  |  |
|  | Cash Out   | 420,000.00                                  | 450,000.00  | 500,000.00                                      | 545,000.00   | 600,000.00  | 640,000.00  |  |
|  | Net Balance  | 100,000.00                                  | 175,000.00  | 285,000.00                                      | 350,000.00   | 420,000.00  | 575,000.00  |  |
| * Types of Funding includes: Director Loan, External Investment, Government/Public Fund and Debt Financing                     |  |   |   |   |  |   |   |  |
| <b>HKSTP Services Used</b>   |  |   |   |   |  |   |   |  |
| General Services MINGLE, Training Courses, Seminars, Biz Consultancy, Investment Matching, Exhibition, Networking, Competition |  |   |   |   |  |   |   |  |
| Support Services Used  | Original Plan  | Data Centre and web hosting                 | Lab Services; Hire student through HKSTP internship program | Training organised by SPARK                     | Mingle   | Press release and product launch in HKSP                                | Engage in First@Science Park                                      |  |

## **Annex 2**

### **Terms and Conditions Intellectual Property, Network, Software Privacy and Internet**

#### **1. General**

In the event of HKSTPC receiving any complaints or information from any person indicating that the Incubatee may be making or using pirated or unauthorized software copies or is otherwise doing anything which infringes the HKSTPC's and/or third party proprietary rights, to agree and acknowledge that HKSTPC shall have the right to report such possible infringement from time to time to the relevant governmental authorities without the need of notifying the Incubatee in advance or giving any prior notice thereto and in such event the Incubatee shall allow the such governmental authorities to inspect and/or carry out a search of its computer systems to verify such infringement. The Incubatee hereby expressly further agrees and acknowledges that the Incubatee shall be co-operative and allow entry of the Premises and/or inspection and/or search of its computer system by person(s) as authorized and/or permitted by all relevant laws, regulations and any court order insofar as it affects the Premises to ensure compliance therewith.

#### **2. Intellectual Property**

The Incubatee should not in any way knowingly infringe the HKSTPC's and/or third party proprietary rights, statutory or otherwise whether or not the act of infringement is carried out in Hong Kong or elsewhere outside Hong Kong. Proprietary rights in this context shall be taken to include all patents, designs, copyrights, trademarks, trade or other names and all other similar rights or interests relating thereto from time to time whether pending applied for or otherwise.

#### **3. Network**

The Incubatee agrees and undertakes with HKSTPC:-

- (i) Subject to sub-Sections (ii) and (vii) below, all Network Services provided to the Incubatee are for use only by the Incubatee, its directors, officers and employees in the manner permitted under this Programme Guide and must not be shared, used, licensed, assigned or transferred to any other companies or persons, or used for any other purposes without HKSTPC's prior written consent. The specifications of the Network Services including but not limited to the manner in which the Network Services are provided, the speed, band width and quantity of the Network Services shall be at the sole and absolute discretion of HKSTPC.

- (ii) HKSTPC will only provide the Network Services to the Incubatee after it has accepted the Incubatee's application for the Network Services under the "IT Service Application Form" as prescribed by HKSTPC. HKSTPC reserves the right to reject the Incubatee's application for Network Services in its discretion without the need of giving any reason. The Incubatee hereby waives any and all claims, objections and disputes in relation to or in connection with such decline (if any).
- (iii) The Incubatee shall at its own costs, and shall procure that its directors, officers and employees shall:
  - a. only use the Network Services for legal, honest and decent purposes (and shall be aware that computer hacking and illegal misuse are criminal offences), comply with all applicable laws, regulations, standards and codes of practice and not email, post or receive any illegal, obscene, abusive, threatening, libelous or defamatory statement;
  - b. not infringe HKSTPC's or any third party's intellectual property right while using or benefiting from the Network Services;
  - c. not transmit any virus, Trojan horse, or other malicious code through the Network Services;
  - d. not access any other user's computer or computer system, software, or data without their knowledge and consent, or breach the security of another user using the Network Services;
  - e. co-operate in any requests by HKSTPC for assistance and follow all HKSTPC's instructions in relation to the Network Services;
  - f. not restrict, inhibit, interfere with, or otherwise disrupt or cause a performance degradation to the Network Services or to any other person's computer system; and
  - g. not use the Network Services to transmit unsolicited bulk or commercial messages or "spam".
- (iv) The Incubatee shall upon HKSTPC's request at no charge to HKSTPC cease to use all IP addresses and delete all files and data pertaining to the Incubatee or its employees on the Network Services and provide any other reasonably required assistance.
- (v) The Incubatee agrees that it alone shall be legally liable for its use of the Network Services, its own related information/content and any acts that are carried out through the IP addresses assigned to it. To this end the Incubatee agrees to strictly maintain the confidentiality of any log-on details and passwords provided to it for use with the Network Services.
- (vi) The Incubatee must take all necessary steps to ensure secure use of the Network Services (including without limitation setting up necessary security control devices such as firewalls, intrusion prevention systems and spam controls etc.) to protect its own networks, as well as any contamination that might affect the Network Services themselves or their performance generally.

- (vii) HKSTPC shall have the immediate right at any time to terminate and/or to discontinue the provision of the Network Services if the Incubatee, its directors, officers or employees are/is breach of any term in this Programme Guide or the Hong Kong Science Park IT Service Application Form or IT Service General Rules and Regulations or WiFi Service Conditions of Use and Disclaimer issued by HKSTPC (as the case may be) or if for any reason HKSTPC decides to cease to provide Network Services or is unable to provide the Network Services for reasons beyond its reasonable control (including without limitation force majeure, act of god, strike, telecommunications failure or other technical issues).
- (viii) To the fullest extent permissible by applicable law, HKSTPC does not make any warranties, representations or endorsements whatsoever with regard to the Network Services (including but not limited to availability or functioning thereof) and accepts no liability for any damage or loss howsoever arising out of or in connection with the Network Services (including but not limited to HKSTPC's non-provision and/or suspension thereof (if any) whether due to error, omission or any other cause).
- (ix) As owner of the Network Services HKSTPC shall have the unilateral right at any time on notice to amend the terms under which the Incubatee receives the Network Services, take any steps in relation to the Network Services that it sees fit in its entire discretion, including without limitation monitoring them, altering them (including without limitation who provides them, their performance levels, and the types of services they comprise) and/or refusing to transmit, removing or blocking any material or content.
- (x) The Incubatee agrees to at its own costs indemnify and/or to repay and keep HKSTPC indemnified and/or to be repaid from all actions, claims, losses, liability, proceedings, damages, costs, expenses, loss of profits, business interruption and other pecuniary or consequential loss (including but not limited to legal costs and expense) suffered or incurred by HKSTPC and arising directly or indirectly from the Incubatee's breach of this Section. If the Incubatee breaches this Section, without prejudice to any other rights and remedies available to HKSTPC under this Programme Guide or otherwise, HKSTPC shall have the right to forthwith terminate the Incubatee's participation in the Programme or any similar scheme operated by HKSTPC, and in case of such termination the Incubatee shall at its own costs immediately indemnify and/or repay to HKSTPC a sum equivalent to all benefits and sponsorship that HKSTPC has offered or allowed to the Incubatee and/or that the Incubatee has received in connection with the Programme or any such similar scheme.

#### **4. Software Piracy**

Unauthorised copied, distributed, modified or sold of legally protected computer software (irrespective of whether such activities are carried out in Hong Kong or elsewhere outside Hong Kong) violates the copyright law. The Incubatee disapproves of such piracy, recognizes and agrees to observe the following principles as a basis for preventing its occurrence: -

- (i) The Incubatee shall neither commit nor tolerate the making or use of unauthorised software copies under any circumstances.
- (ii) The Incubatee shall at its own costs provide legitimately acquired software to meet all legitimate software needs in a timely fashion and in sufficient quantities for all the Incubatee's computers and such computers as the Incubatee may from time to time use.
- (iii) The Incubatee shall comply with all licence or purchase terms regulating the use of any software the Incubatee acquire or use.
- (iv) The Incubatee shall 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.

#### **5. Security on Network Services**

The Incubatee understands that the Internet service (either wired with static IP address or wireless with dynamic IP address) as provided by HKSTPC to the Incubatee at limited speed, if applicable, is for email and general internet browsing instead of demanding usage such as video calling). The Incubatee shall not use the Internet service as a primary medium for conducting the Incubatee's businesses.

The Incubatee shall not visit websites that contain obscene, hateful, pornographic or otherwise illegal materials (e.g. child porn images) or shall not distribute such materials.

When browsing the Internet, the Incubatee should observe the following security measures:

- (i) Install and update the latest anti-virus and anti-spyware software regularly on the device, whenever available.
- (ii) Install updates and patches to the device regularly, including upgrades/updates to the operating system and web browsers.
- (iii) Don't let your browser remember your log on details.
- (iv) Secure the device based on the security recommendations from the device's manufacturer and enable data encryption on the device if possible.