

Nano and Advanced Materials Institute Ltd.

R&D Projects: Application, Review and Vetting Procedures

Please note: All items are subject to change if necessary.

1. Preamble

1.1. Project Objectives -----

The research and development (R&D) projects sponsored by Nano and Advanced Materials Institute Ltd. (NAMI) should target market-driven products that are scheduled to appear in the market and/or expected to possess strong IP position with multiple licensees.

1.2. Scope of R&D Project -----

NAMI will focus on market segments in the areas of nanotechnology and advanced materials that are suitable for HK and Mainland companies. These may include

- Sustainable energy;
- Display & solid state lighting;
- Construction/building materials;
- Environmental technologies and
- Medical & healthcare products.

1.3. Industrial Partnership -----

Each R&D project shall be supported by an industrial champion(s) who provides cash matching funds, business plan, manufacturing logistics, and marketing plan, taking the product from conceptualization to market.

2. Classification of Projects

2.1. General Schemes -----

The research and development (R&D) projects sponsored by Nano and Advanced Materials Institute Ltd. (NAMI) are classified into the following three categories:

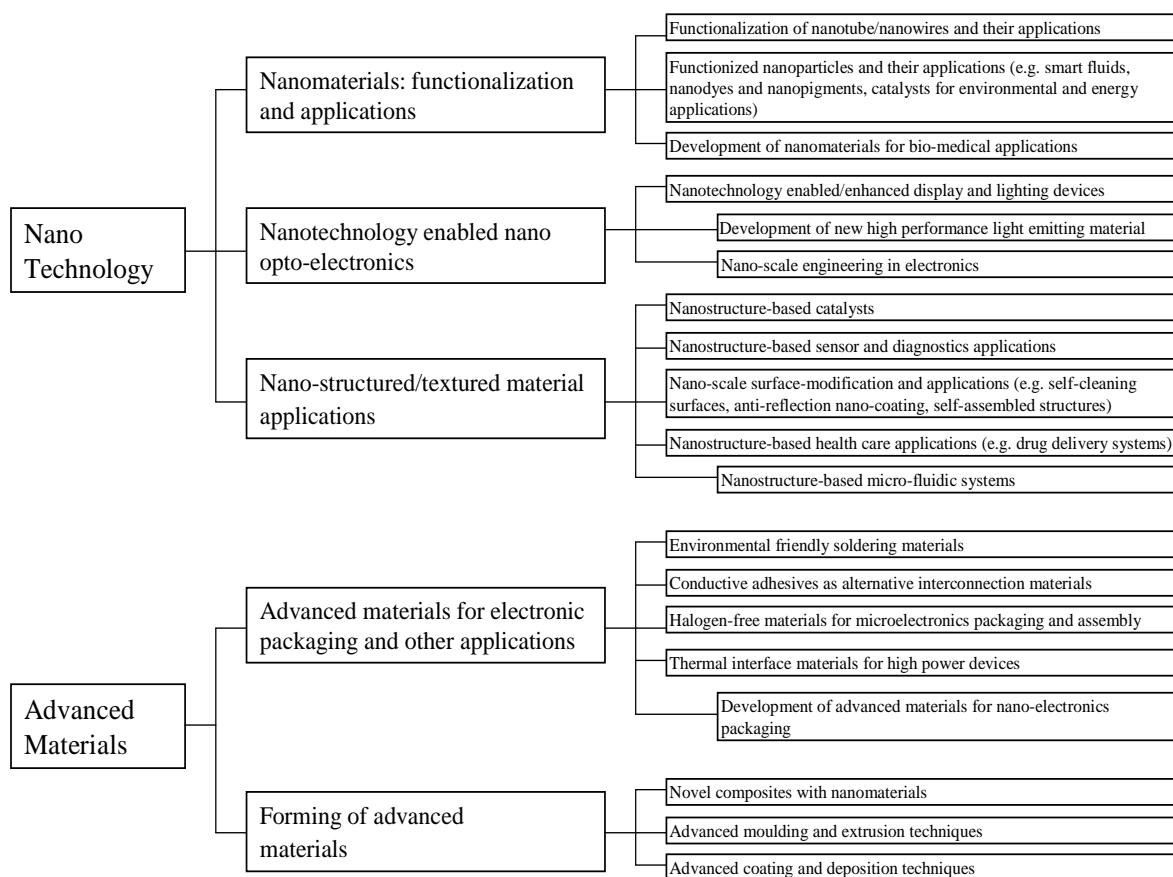
- “Platform research projects” refer to those that are primarily aimed to benefit the industry or a certain sector of industry in a general manner. There should be at least two industrial partners making cash contributions to the project. The aggregate industry cash contributions should constitute at least 10% (flexibility may be allowed for highly meritorious projects) of the total project cost, and such contributions should be made available at the commencement of the

project.

- “Collaborative research projects” refer to those having an R&D objective that is consistent with NAMI’s technology roadmap. The industrial partner should make a cash contribution that constitutes no less than 30% (flexibility may be allowed for highly meritorious projects) of the total project cost.
- “Contract research projects” refer to those initiated by a company to commission NAMI to conduct research for its own particular needs. The company pays NAMI the full cost for the R&D work, including overhead (to be determined by the NAMI Board of Directors).

3. Technology Roadmap

NAMI has laid out a technology roadmap for R&D projects as shown below. There are 5 main technical areas, which are further divided into a few sub-areas. The submitted R&D project proposals are expected to tie in with at least one of these areas.



4. Review and Vetting Procedures

4.1. General Vetting Criteria -----

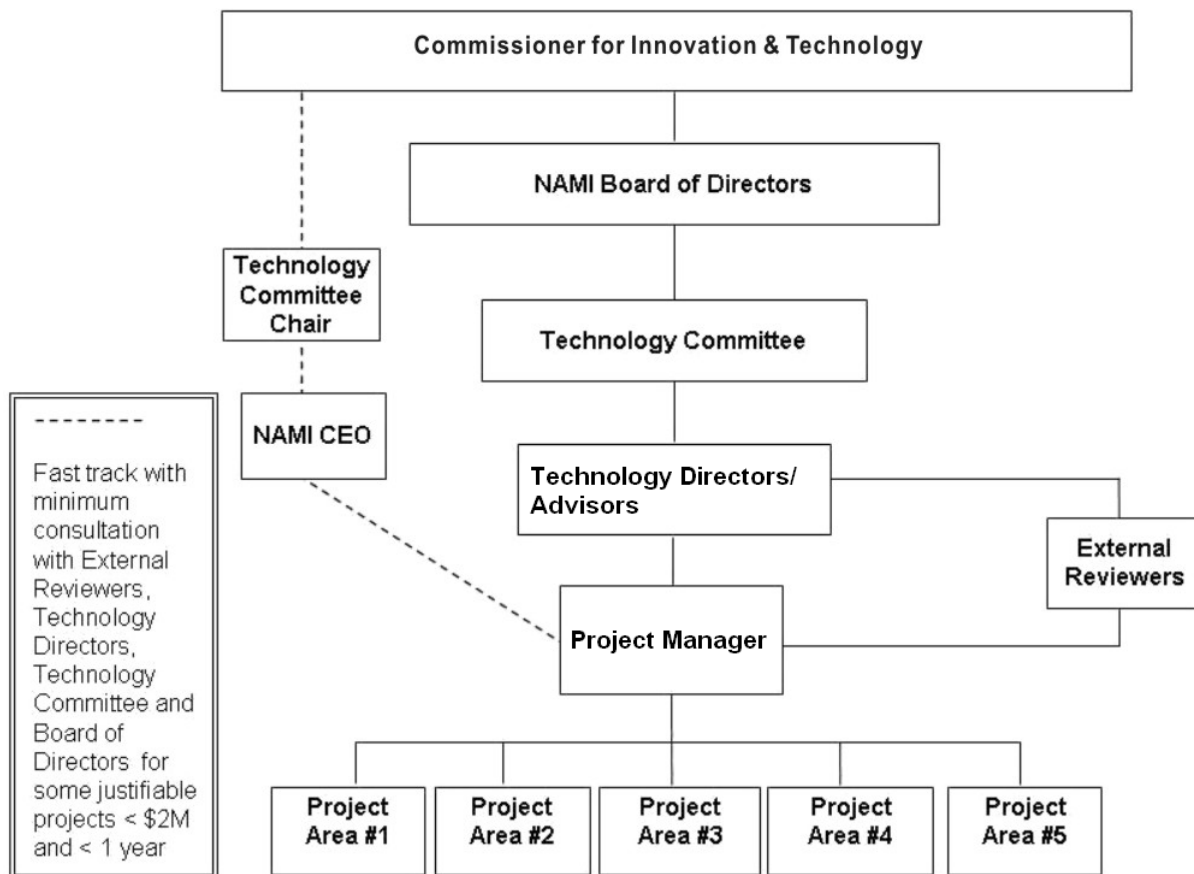
For Platform Technology and Collaborative Research projects, the vetting will be conducted by the NAMI Technology Committee (TC). The assessment framework includes:

| | Weighting |
|---|-----------|
| (1) Scientific Component | 20% |
| (2) Technical Capability | 20% |
| (3) Financial Considerations | 16% |
| (4) Existence of a Holistic Plan to Realization/ Commercialization | 16% |
| (5) Relevance with Government Policies or in Overall Interest of the Community | 12% |
| (6) IP Rights and Benefit Sharing | 8% |
| (7) Management Capability | 8% |

For Contract Research projects, no vetting shall be required.

4.2. Proposal Handling Procedure -----

Once a project proposal is submitted, the Project Manager of NAMI will handle the proposal according to the flow chart given below. The proposal will be reviewed by External Reviewers and Technology Directors of NAMI. The review comments and recommendation will be forwarded to the NAMI TC for vetting. If the outcome of vetting is positive, the proposal will be presented to the NAMI Board of Directors for endorsement. The final approval of project will rest on the Commissioner for Innovation & Technology (CIT).



4.3. Fast Track Evaluation -----

In order to encourage certain promising projects within a relatively short time, a fast track evaluation program may be implemented for short term projects with technical merits and feasible deliverables. The fast track evaluation program is intended for projects with the total project cost ≤ HK\$2M and the total project duration ≤ 1 year. The NAMI TC may delegate the vetting authority for such project proposals to the NAMI CEO, who may proceed with minimum consultation with External Reviewers, NAMI Technology Directors, TC members and Board of Directors. Such fast track projects will be subject to the recommendation of NAMI CEO, the endorsement of NAMI TC Chair, and the approval of CIT.

4.4. Collaborative Research with Concern of Confidentiality -----

Some project applicants may have concerns about conflict of interest with external reviewers and/or NAMI officers. Appropriate declarations would be obtained and suitable procedures would be followed to address such concerns. For projects with industrial contribution covering 50% or more of the total project cost and for which confidentiality is a major concern, the NAMI TC may delegate the vetting authority to the NAMI CEO or the CEO’s delegate, subject to the endorsement of NAMI TC Chair and the approval of CIT.

5. Application Procedure and Schedule

5.1. Indication of Intention for Proposal Submission -----

Before submitting the official proposal, the applicants are required to fill a concise 2-page form of “Indication of Intention for Proposal Submission”. The purpose of this form is to help the NAMI officers to determine whether the intended project matches with the scope and objectives of NAMI R&D project funding schemes. After reviewing this preliminary evaluation form, the NAMI officers may give suggestions to the applicant for proposal preparation or direct the applicant to another R&D centre. For selected applications, applicants are informed to submit full proposal. It should be noted that the submission of “Indication of Intention for Proposal Submission” is mandatory. Without such a preliminary evaluation form, the applicants cannot proceed to submit the official proposals. The electronic copy of “Indication of Intention for Proposal Submission” can be downloaded from the NAMI website at <http://www.nami.org.hk>.

5.2. Submission of Official Proposals -----

The submission of official proposals will follow the general practice of previous ITF projects. Please note that due to unavailability of ITCFAS system for the new application form issued by ITC on March 2011, the full proposal should be submitted to NAMI by e_mail to nami.rd@nami.org.hk until further notice.

5.3. Ninth Round Call-for-Proposals in 2011 -----

The targeted projects are regular platform technology projects and collaborative research projects, either with or without phase division. These projects should be highly product-oriented, market-driven and technology ready. The proposal collection period was between 31st January 2011 – 8th April 2011. The subsequent review process may last for 8-12 weeks. The vetting and final approval may take place 3-4 months after the proposal submission.

5.4. Tenth Round Call-for-Proposals in 2011 -----

The targeted projects are regular platform technology projects and collaborative research projects, either with or without phase division. The proposal collection period will be 1st June 2011 – 3rd August 2011. The subsequent review process may last for 8-12 weeks. The vetting and final approval may take place 3-4 months after the proposal submission.

5.5. Contract Research Projects -----

These projects should be highly product-oriented, market-driven and technology ready. The sponsoring company shall contribute 100% of the project cost (including overhead). This category of proposals will be collected all year round. The subsequent review process may last for 4 weeks and the final decision will be made 2 weeks after the review is completed. No vetting

by the NAMI TC shall be required.