



Innovation and Technology Commission

Technology Start-up Support Scheme for Universities

(大學科技初創企業資助計劃)

Application and Reimbursement Guidelines

Objective of the Scheme

In 2014-15, the Innovation and Technology Commission (ITC) set up, under the Innovation and Technology Fund (ITF), a new Technology Start-up Support Scheme for Universities (TSSSU) to provide funding support to six local universities to encourage their students and professors to start technology businesses and commercialise their research and development (R&D) results. Although no new business could guarantee success, the funding from TSSSU aims to provide better support for technology start-ups to translate new ideas into business opportunities.

2. The six local universities are City University of Hong Kong, Hong Kong Baptist University, The Chinese University of Hong Kong, The Hong Kong Polytechnic University, The Hong Kong University of Science and Technology and The University of Hong Kong.

Amount and Duration of Funding

3. ITC will provide an annual funding of up to \$4 million, initially for three years, to each university on a reimbursement basis for expenses incurred in the 2014-15, 2015-16 and 2016-17 Government financial years. (For example, expenses incurred from 1 April 2015 to 31 March 2016 will be reimbursed, subject to the requirements stipulated in relevant guidelines, in the 2016-17 Government financial year.) The expenses should be accounted for on an accrual basis, i.e. funding will be provided if the expenses have been incurred within the Government financial year when the related activities have been conducted or the related services and goods have been delivered,

regardless of whether payments have already been made by the technology start-ups.

4. The TSSSU funding will be provided to each university to support the setting up of technology start-ups on the following basis –
 - (a) no limit on the number of technology start-ups to be funded by each university under TSSSU, subject to the annual funding ceiling of \$4 million for each university; and
 - (b) each technology start-up will be funded for not more than three years with an annual funding capped at \$1.2 million. If a funded technology start-up has made reasonable progress in its R&D work and/or business performance, the respective university may recommend such technology start-up for continued funding under TSSSU.

Eligibility

5. The applicant technology start-up must be a company, regardless of size, registered under the Companies Ordinance for not more than two years as of the date of the application deadline (see paragraph 16 below). The two-year eligibility requirement does not apply to a technology start-up which is recommended for the TSSSU funding for the second or the third year.

6. The team forming the technology start-up may have any mix of the following members of the university –
 - (a) undergraduates/graduates/postgraduates;
 - (b) professor(s) to serve as consultant(s), providing technical expertise and direction of the R&D work; and/or
 - (c) business savvy university alumni, giving business and management advice, etc.

7. It will be up to the concerned university to determine whether it needs to set further eligibility requirements to suit its own circumstances (e.g. whether professors are allowed to take equity in the technology start-ups, whether a cap should be set on the number of years that a business savvy university alumnus has graduated from the university, etc.).

8. The team forming the technology start-up is required to appoint a person-in-charge, who should be associated with the host university as stipulated in paragraph 6 and engaged in the technology start-up's business to be responsible for –

- (a) overseeing the operations of the technology start-up; and
- (b) liaising with the host university on matters relating to the funding support under TSSSU.

The person-in-charge is required to hold a senior position in the technology start-up and can be reached by the host university during normal business hours. For the avoidance of doubt, the appointed person-in-charge cannot join other concurrently active teams funded by TSSSU.

Scope of Funding

9. The TSSSU funding should be used in a reasonable and proportionate manner in the following areas for achieving the objective set out in paragraph 1 above -

- (a) essential items for setting up and operating the technology start-ups (e.g. furniture and equipment, legal and accounting services, rental of necessary and suitable premises, manpower etc.);
- (b) expenditure on R&D (e.g. manpower, equipment, other direct costs, etc.); and
- (c) promotion of the technology start-ups and marketing of their project deliverables.

10. Any expenditure item or part thereof which is already funded by the Government, a Government subvented body/institution or the host university will however not be funded under TSSSU, i.e. no double payment is allowed for the same part of an expenditure item.

11. Some examples of items not to be funded under TSSSU are –

- (a) rental expenses that are irrelevant to the operations of the technology start-ups;

- (b) costs of forming associations;
- (c) investment of any kind except for deposit of funds in the bank accounts of the funded technology start-ups;
- (d) repayment of any loan (including but not limited to student loan) taken out by the funded technology start-ups and their members and employees;
- (e) any trip that is unnecessary or irrelevant to the operations of the technology start-ups;
- (f) entertainment expenses that are unnecessary or irrelevant to the operations of the technology start-ups;
- (g) fees charged to technology start-ups arising from general services (e.g. office administrative services, etc.) provided by the universities;
- (h) any expenditure item that is unnecessary or irrelevant to the operations of the technology start-ups; and
- (i) any events or activities that are inconsistent with the laws or regulations of Hong Kong or other applicable jurisdictions.

12. Activities of the technology start-ups funded under TSSSU should primarily be conducted within the territory of Hong Kong. However, given the objective of TSSSU to support technology start-ups, up to 50% of the TSSSU funding provided to each technology start-up in each Government financial year can be incurred in the Mainland and other countries.

13. ITC will not take equity in the funded technology start-ups or claim intellectual property rights arising from their businesses. The host university should notify ITC if it decides to take equity in any funded technology start-up or claim intellectual property rights arising from the technology start-up's business.

Application Arrangements

Application

14. Universities should require each technology start-up to complete an application form. A template of the application form is at **Annex A**. Funded technology start-ups should submit applications again to the relevant

universities for continued funding for the second or the third year. The applications should go through an assessment and selection process, after which, the host university should decide on a list of recommended technology start-ups for the TSSSU funding.

Assessment and Selection

15. Each university will devise its appropriate assessment and selection mechanism which should operate in a fair, open and objective manner. The university needs to establish a selection panel comprising an appropriate mix of assessors with relevant expertise and experience, for example, technologists, professionals, academics, experts from the industry and financial sectors, etc. In assessing an application, the selection panel should take into account –

- (a) the innovation and technology content of the business;
- (b) the commercial viability of the business;
- (c) the capability of the technology start-up and its team to undertake the R&D work and manage the company;
- (d) the social and/or community impact of the technology start-up's business and R&D work; and
- (e) any other criteria that the university sees fit.

16. After the assessment and selection process, the respective university should forward its recommendations, together with the relevant application forms, to ITC according to the application deadlines stipulated below –

- (a) for funding support in the 2014-15 Government financial year, the universities are required to forward their recommendations to ITC by 14 November 2014; and
- (b) in subsequent years, the universities should forward their recommendations to ITC between 15 January and 15 March, both dates inclusive. Universities should seek ITC's agreement if they intend to submit their recommendations after that period.

17. ITC will notify the universities of the funding support in about one month on receipt of all information required. When examining the

universities' recommendations, ITC will generally look for compliance with the eligibility requirements, the reasonableness of the budgets, etc.

Reimbursement Arrangements

18. Payments will be made on an annual reimbursement basis, i.e. after the close of the Government financial year. ITC will issue a call circular to the universities requesting them to submit the documents detailed in paragraph 19 for expenses incurred in the previous Government financial year.

19. To apply for reimbursement, a university should –

- (a) arrange each funded technology start-up to complete a reimbursement request (**Annex B**) for the expenditure incurred during the reimbursable period of the previous Government financial year¹;
- (b) have the request duly signed by the Head of the university unit responsible for TSSSU and the Finance Office of the university; and
- (c) provide the duly signed reimbursement request, together with the statement of expenditure and the auditors' report for the previous Government financial year submitted by the technology start-up, which are prepared in accordance with the 'Notes for Auditors' at **Annex C**, within four months after the end of the previous Government financial year. For example, for expenses incurred in the 2014-15 Government financial year, a university should submit all duly signed reimbursement requests on or before 31 July 2015.

20. Payments will be made to the universities after verification (e.g. expenses are within the approved funding level and scope, etc.) and examination of the duly signed reimbursement requests, the statement of expenditure and the auditors' report. On receipt of the complete set of information relating to the claim for reimbursement and subject to the eligibility of the items being claimed, ITC will arrange to reimburse the amount by sending a cheque to the university concerned by post in about a month.

¹ The reimbursable period refers to the period from the day ITC notifies the university of the funding support to the technology start-up (see paragraph 17) to the end of the relevant Government financial year (i.e. 31 March).

Monitoring and Review

21. Each technology start-up should provide a half-yearly report² and an annual report on the progress of its business to the host university in each Government financial year, following the format and requirements as prescribed by the host university. The technology start-up should also complete the relevant sections in **Annex D(ii)** when submitting the annual report to the host university.³

22. The host university should provide observations and assessment of the technology start-up's performance by filling in the relevant sections in **Annex D(i)** and **Annex D(ii)**. Each university should forward to ITC the annual reports of the technology start-ups, together with the completed **Annex D(i)** and **Annex D(ii)** by 31 August every year. The universities should also take appropriate actions and report to ITC on any irregularities observed in the technology start-ups the soonest possible during the funding period.

23. Funded technology start-ups should handle the keeping of books and records, etc. to facilitate auditors to conduct the reasonable assurance engagement in accordance with the requirements stipulated in **Annex C**. Universities should ensure that the half-yearly reports, selection panel documents and other documents for the universities to process the TSSSU applications and reimbursements and to monitor the R&D work and commercialisation of the technology start-ups are kept in accordance with their established mechanism and regulations. The Commissioner for Innovation and Technology and any authorised person acting on behalf of the Government may conduct random checks of the documents, records, etc. of the universities and the technology start-ups to ensure their compliance with the guidelines and requirements relevant to the funding support.

² The half-yearly report will not be required for the 2014-15 Government financial year.

³ If a TSSSU funded technology start-up fails to comply with the funding requirements stipulated by ITC and/or the host university including submission of the required documents (e.g. half-yearly report, annual report, statement of expenditure, auditors' report, reimbursement request (i.e. Annex B to this form), annual assessment of the technology start-up's performance (i.e. Annex D(ii) to this form), etc.) in good time and in good quality, its subsequent application(s) for TSSSU funding support and other ITF funding support might be affected.

Modifications to Business Proposal

24. Each technology start-up funded by TSSSU is required to conduct its business and R&D work in accordance with the business proposal as shortlisted by the host university. Any material modification to the shortlisted business proposal of a technology start-up (including but not limited to change of key team members of the technology start-up; deliverables; business scope; or the amount of the TSSSU funding; etc.) will require prior approval from the respective university. Technology start-ups should fill in **Annex E** for any material modification to the budget when seeking the approval from the host universities. All universities should notify ITC of the approved modifications the soonest possible.

Review and Agreement on Universities' Operation Plans on TSSSU

25. The respective university should make available to ITC its operation plan on TSSSU for the coming Government financial year for review and agreement before implementation. The operation plan should include the university's requirements, criteria and key processes in implementing TSSSU (including but not limited to those on eligibility, scope of funding, assessment criteria, composition of the selection panel, reimbursement, monitoring and review, and modifications to business proposal). The operation plan should reach ITC by –

- (a) 29 September 2014 for funding support for the 2014-15 Government financial year; and
- (b) 16 January in the subsequent years.

Publicity and Acknowledgement

26. Acknowledgement of ITF support should appear on all equipment, facilities, publications, publicity and media events related to a TSSSU-funded technology start-up.

27. The following disclaimer should also be included in any publications and media events related to an ITF-funded technology start-up –

‘Any opinions, findings, conclusions or recommendations expressed in this material/publication (or by members of this company) do not reflect the views of the Government of the Hong Kong Special Administrative Region or the Innovation and Technology Commission.’

Enquiries

28. If the university units responsible for TSSSU have any enquiries about this set of Guidelines, please contact the subject Manager of ITC through any of the following means –

Telephone: 2810 3915

Email: tsssu@itc.gov.hk

Fax: 2199 7004

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