City University of Hong Kong

Technology Start-up Support Scheme for Universities

Application and Reimbursement Guidelines

Notes to Applicants

In case there is any disparity between the Innovation and Technology Commission (“ITC”) TSSSU Application and Reimbursement Guidelines (Appendix I) and this document, the former should prevail.

Objective of the Scheme

1. In 2014-15, ITC set up, under the Innovation and Technology Fund (“ITF”), the Technology Start-up Support Scheme for Universities (“TSSSU”) to provide funding to six universities to support their teams in starting technology businesses and commercialising their research and development (“R&D”) results.

Amount and Duration of Funding

2. With effect from the 2019-20 Government financial year, an annual funding of up to $8 million is provided to each of the six universities on a reimbursement basis for expenses incurred in each Government financial year. (For example, expenses incurred from 1 April 2019 to 31 March 2020 will be reimbursed in the 2020-21 Government financial year, subject to the requirements stipulated in relevant guidelines.) 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 (“start-ups”).

3. TSSSU funding is provided to each university to support the setting up of start-ups on the following basis –

   (a) no limit on the number of start-ups to be recommended by each university, subject to the annual funding ceiling of $8 million for each university; and

---

1 The six 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.
(b) each approved start-up would be funded for no more than three years with an annual funding capped at $1.5 million. If a funded start-up has made reasonable progress in its R&D and/or business performance, the associated university may recommend such start-up for continued funding under TSSSU.

Eligibility

4. The applicant start-up, regardless of size, must be a company registered under the Companies Ordinance for not more than two years, i.e. between 1 February 2018 to 31 January 2020. The two-year eligibility requirement does not apply to a start-up which is recommended for TSSSU funding for the second or the third year. ITC would allow the applicant start-ups to be registered after they are recommended by City University of Hong Kong (“CityU”) for TSSSU funding. However, the start-ups have to be registered before CityU forwards the recommendations to ITC.

5. The team forming the start-up may have any mix of the following members of CityU –

   (a) undergraduates or postgraduates; and/or
   (b) full-time professor(s) serving as consultant(s), providing technical expertise and direction of the R&D (professors are reminded to observe relevant CityU policies and guidelines including but not limited to those on Outside Practice and Outside Work, Conflict of Interest, and Intellectual Property, etc.); and/or
   (c) alumni who graduated on or after 1 January 2015 (not applicable to a start-up which is recommended for TSSSU funding for the second or the third year).

6. The team forming the start-up is required to appoint a person-in-charge (“PIC”). The PIC should be associated with CityU as stipulated in paragraph 5 above and engaged in the start-up’s business. The PIC is responsible for –

   (a) overseeing the operations of the start-up; and
   (b) liaising with CityU on matters relating to TSSSU funding.

---

2 The three-year period should count consecutively from the first year that a start-up is approved for TSSSU funding. For example, if a start-up was first approved for funding 2017-18 (Year one) and only applied for continued funding in 2019-20 (Year three), it will not be eligible for seeking further funding in 2020-21 (Year four).
The PIC is required to hold a senior position in the start-up and can be reached by CityU during normal business hours. For the avoidance of doubt, the appointed PIC cannot join other concurrently active teams funded by TSSSU.

**Scope of Funding**

7. TSSSU funding should be used in a reasonable, proportionate and proper manner in the following areas for achieving the stipulated objective set out in paragraph 1 above –

   (a) essential items for setting up and operating the 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, licensing fees or royalties due to CityU, other direct costs, etc.); and

   (c) promotion activities and marketing of their R&D deliverables, products or services.

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

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

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

   (b) manpower expenditure on bonus, contract gratuities, annual salary adjustment as well as 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 pay, overtime and untaken leave, etc.;

   (c) expenses on mass production activities;

   (d) expenses on offering gifts (e.g. cash coupons) for marketing and/or promotion purposes;

   (e) expenses incurred as matching fund for other schemes of the Innovation and Technology Fund;

   (f) costs of forming associations;

   (g) investment of any kind except for deposit of funds in the bank accounts of the funded start-ups;

   (h) repayment of any loan (including but not limited to student loan) taken out by the funded start-ups and their members and employees;

CityU TSSSU Application and Reimbursement Guidelines [July 2019 edition]
(i) travelling expenses, except for necessary and reasonable out-of-town Mainland or international travelling expenses relating to exhibition participation or other reasonable and relevant activities (business and first class fares are not reimbursable);

(j) entertainment expenses;

(k) fees charged to the funded start-ups arising from general services (e.g. office administrative services, etc.) provided by CityU;

(l) any expenditure item that is unnecessary or irrelevant to the operations of the funded start-ups; and

(m) any events or activities that are inconsistent with the laws or regulations of Hong Kong or other applicable jurisdictions.

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

11. ITC will not take equity in the funded start-ups or claim intellectual property rights arising from their businesses.

Application Arrangements

Application

12. Each start-up should provide the documents below –

(a) Application form (Annex A)
   For section B4 on ‘Milestones’, please set out the milestones for each quarter of the funding period, i.e. 1 April to 30 June, 1 July to 30 September, 1 October to 31 December, and 1 January to 31 March. Funded start-ups are required to submit quarterly progress reports and the performance of each quarter will be measured against the milestones set out in the application form.

(b) Business proposal with a 3-year budget plan including the followings –
   i. description of the business (including problems to be solved, solution/technology, etc.);
   ii. industry analysis;
   iii. market analysis (including target market, market growth and trend, competitor analysis, etc.);
   iv. marketing strategy (including the 4Ps);
   v. organisational structure/management team composition; and
   vi. financial forecast with a 3-year budget.
A copy of the student/staff card or graduation certificates, whichever is applicable.

Funded start-ups should submit applications again to CityU for continued funding for the second or the third year.

Assessment and Selection

13. Shortlisted applicants may be invited to an interview by a selection panel comprising CityU and external assessors with relevant expertise and experience. The selection criteria include –

(a) the innovation and technology content of the business;

(b) the commercial viability of the business;

(c) the sustainability of the business;

(d) the capability of the start-up and its team to undertake the R&D work and manage the company;

(e) the social and/or community impact of the start-up’s business and R&D work;

(f) the use of intellectual property rights (IPRs) of CityU; and

(g) any other criteria that CityU sees fit.

CityU will require the funded start-ups to sign letters of agreement to confirm receipt of TSSSU funding support.

Reimbursement Arrangements

14. Payments will be made on a quarterly basis. In each quarter, CityU will issue a call circular to the funded start-ups requesting them to submit a reimbursement request for the expenditure incurred during that quarter. Only the expenditure incurred during the reimbursable period of the Government financial year\(^3\) will be funded under TSSSU.

15. Payments will be made to the funded start-ups after examination and verification of the required documents and information below (e.g. the expenses are within the approved

---

\(^3\) The reimbursable period refers to the period from the date of ITC’s funding approval to the end of the relevant Government financial year (i.e. 31 March).
funding level and scope, the amounts of expenses are reasonable and proportionate, the payments were handled in a proper manner, etc.). On receipt of the complete set of information required for processing the reimbursement request and subject to the eligibility of the items being claimed, CityU will arrange reimbursement to the funded start-ups usually within two months.

<table>
<thead>
<tr>
<th>Period</th>
<th>Information Required</th>
<th>Submission Deadline</th>
</tr>
</thead>
<tbody>
<tr>
<td>First quarter (1 April to 30 June)</td>
<td>Quarterly report and Quarterly reimbursement request form</td>
<td>31 July</td>
</tr>
<tr>
<td>Second quarter (1 July to 30 September)</td>
<td></td>
<td>31 October</td>
</tr>
<tr>
<td>Third quarter (1 October to 31 December)</td>
<td></td>
<td>31 January</td>
</tr>
<tr>
<td>Fourth quarter (1 January to 31 March)</td>
<td>Quarterly reimbursement request form Annual report, reimbursement request form Annex B, statement of expenditure and auditors’ report which are prepared in accordance with the ‘Notes for Auditors’ at Annex C, and Annex D(ii).</td>
<td>30 April 31 May</td>
</tr>
</tbody>
</table>

**Monitoring and Review**

16. The above reimbursement arrangements aim to safeguard that TSSSU funding would be used in a reasonable, proportionate and proper manner. Each start-up should provide quarterly reports and an annual report on the progress of its business to CityU in each Government financial year, following the format and requirements as prescribed by CityU and the submission deadlines given below. In addition, quarterly meetings may be arranged so that CityU can better assess the progress of the start-up’s business. The start-up should also complete the relevant sections in **Annex D(ii)** when submitting the annual report to CityU.⁴

<table>
<thead>
<tr>
<th>Submission Deadline</th>
</tr>
</thead>
<tbody>
<tr>
<td>First quarterly report</td>
</tr>
</tbody>
</table>

⁴ If a TSSSU-funded start-up fails to comply with the requirements stipulated by ITC and/or CityU including submission of the required documents (e.g. quarterly reports, annual report, statement of expenditure, auditors’ report, reimbursement request, annual assessment of the start-up’s performance, etc.) in good time and in good quality, its subsequent application(s) for TSSSU funding and other ITF funding might be affected.
17. Funded 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. The Commissioner for Innovation and Technology and any authorised person acting on behalf of the Government or CityU may conduct random checks of the documents, records, etc. of the funded start-ups to ensure their compliance with the guidelines and requirements relevant to TSSSU funding.

**Modifications to Business Proposal**

18. Each TSSSU-funded start-up is required to conduct its business and R&D work in accordance with the business proposal shortlisted by CityU. Any material modification to the shortlisted business proposal of a start-up (including but not limited to change of PIC or key team members of the start-up, cancellation of milestones, change of business scope, expected overspending on any broad category of the budget, etc.) will require prior approval from CityU. Start-ups should fill in a request form for any material modification when seeking the approval from CityU.

**Publicity and Acknowledgement**

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

20. The following disclaimer should also be included in any publications and media events related to an ITF-funded 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.’
Breach of Funding Guidelines

22. CityU reserves the right to revise this TSSSU funding guideline without giving any prior notice. Any breach of the guideline may lead to termination of TSSSU funding and CityU reserves the right to request the start-up to return any unspent or mis-spent amount with interest income accrued.

Timeline and Enquiries

23. All applications should reach CityU c/o Knowledge Transfer Office, Room 2220, Cheng Yick-chi Building, City University of Hong Kong, Tat Chee Avenue, Kowloon before 5pm, 18 November 2019. For enquiries, please contact Ms Wendy Yau (Tel: 3442 6169; Email: w.yau@cityu.edu.hk).

<table>
<thead>
<tr>
<th>Timeline</th>
</tr>
</thead>
<tbody>
<tr>
<td>18 November 2019 (5pm)</td>
</tr>
<tr>
<td>Deadline of application</td>
</tr>
<tr>
<td>November 2019 to January 2020</td>
</tr>
<tr>
<td>Interviews of shortlisted applicants</td>
</tr>
<tr>
<td>by 1 February 2020</td>
</tr>
<tr>
<td>Submission of recommended applications to ITC</td>
</tr>
</tbody>
</table>

City University of Hong Kong
July 2019