

City University of Hong Kong

Application Guideline

Technology Start-up Support
Scheme for Universities

2023 to 2024



香港城市大學
City University of Hong Kong



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Objective of the Scheme

1. In 2014-15, the Innovation and Technology Commission (“ITC”) set up, under the Innovation and Technology Fund (“ITF”), the Technology Start-up Support Scheme for Universities (“TSSSU”) to provide funding to six universities¹ to support their teams in starting technology businesses and commercialising their research and development (“R&D”) results. To further strengthen the support for start-ups, in addition to the original component of the Scheme (which will be termed “TSSSU-O” hereunder and in related documents), an enhancement measure will be introduced with effect from 2023-24 to provide dollar-to-dollar matching funds to those start-ups which have demonstrated good growth potential through securing investment from private sector (which will be termed “TSSSU+” hereunder and in related documents). In other words, TSSSU will comprise TSSSU-O and TSSSU+ starting from 2023-24.

Funding Amount and Duration

2. The annual funding cycle of TSSSU is the same as Government financial year, i.e. from 1 April to 31 March of the following year. The funding ceilings and maximum funding durations of TSSSU-O and TSSSU+ are set out as follows:

	<u>TSSSU-O</u>	<u>TSSSU+</u>
(a) Annual funding ceiling for each university	• \$8 million	• \$8 million

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.

	<u>TSSSU-O</u>	<u>TSSSU+</u>
(b) Annual funding ceiling for each start-up	<ul style="list-style-type: none"> • \$1.5 million 	<ul style="list-style-type: none"> • \$1.5 million [dollar-to-dollar matching fund will be provided to start-ups which can secure at least the same amount of private investment² during the recognised matching period³]
(c) Maximum number of funding years for each start-up	<ul style="list-style-type: none"> • 3 consecutive years⁴, provided that the respective start-up has not been funded under TSSSU+. • Priority will be given to those start-ups which have not received TSSSU funding before. 	<ul style="list-style-type: none"> • 3 consecutive years⁴, irrespective of whether and, if so, the number of years the respective start-up has been funded under TSSSU-O. • Priority will be given to those start-ups which have not received TSSSU+ funding before.

² Private investment should come from independent third parties including venture capitalists, angel funds, private companies or individuals in the form of cash contribution received in return of shareholding in the start-ups. Please refer to ITC's TSSSU FAQ (August 2022 edition) for further details on the eligibility and calculation of private investment.

³ For the first year of TSSSU+ implementation (i.e. 2023-24), ITC will accept a longer recognised matching period from 1 April 2022 to 30 September 2023. For subsequent years, the recognised matching period refers to the Government financial year immediately before the TSSSU+ reimbursable period. For example, for start-up which would like to have its expenses in 2024-25 be funded under TSSSU+, the recognised matching period for receiving private investment should be 2023-24 (i.e. 1 April 2023 to 31 March 2024).

⁴ If a funded start-up has made reasonable progress in its R&D and/or business performance, CityU may recommend such start-up for continued funding for the second or the third year. The three-year period should count consecutively from the first year that a start-up is approved for TSSSU-O or TSSSU+ funding. If a start-up is first approved for funding in 2023-24 (Year One) and only applies for continued funding in 2025-26 (Year Three), it will not be eligible for seeking further funding in 2026-27 (Year Four).

Subject to the annual funding ceiling of \$8 million for TSSSU-O and TSSSU+ respectively, there is no limit on the maximum number of start-ups to be recommended per annum.

3. Funding will be provided on a reimbursement basis for expenses incurred in each Government financial year. For example, expenses incurred from 1 April 2023 to 31 March 2024 will be reimbursed in the 2024-25 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”).

Eligibility

4. The applicant start-up, regardless of size, must be a company registered under the Companies Ordinance. Details of the eligibility under TSSSU-O and TSSSU+ are as follows:

	<u>TSSSU-O</u>	<u>TSSSU+</u>
(a) Years of establishment	<ul style="list-style-type: none"> • Registered for not more than two years as of the date of the application deadline stipulated by ITC (on or after 1 February 2021). • 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. 	<ul style="list-style-type: none"> • Registered for not more than seven years as of the date of the application deadline stipulated by ITC (on or after 1 February 2016). • The seven-year eligibility requirement does not apply to a start-up which is recommended for TSSSU+ funding for the second or the third year.

	<u>TSSSU-O</u>	<u>TSSSU+</u>
(b) Secured private investment	<ul style="list-style-type: none"> • Not required 	<ul style="list-style-type: none"> • Start-ups should submit document proofs (e.g., agreement/letter of undertaking issued by the private investor, etc.) together with the applications. By providing the proofs, the start-ups confirm that the funding received from private investor(s) is qualified private investment(s) within the recognized matching period.

5. The PIC of the eligible team must be associated with CityU in the following capacity at the time of application:
 - (a) CityU student;
 - (b) CityU research staff; or
 - (c) CityU alumni who has graduated normally within 8 years as of the date of application.

6. Full-time professor(s) and academic staff other than those in paragraph 5(b) may serve as consultant(s), providing technical expertise and direction of the R&D. All staff members 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.

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

actively involve in the company's development. The PIC is responsible for:

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

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

8. 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) promotional activities and marketing of their R&D deliverables, products or services.
9. 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.
10. 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 increment 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;
- (i) any trip that is unnecessary or irrelevant to the operations of the funded start-ups;
- (j) entertainment expenses that are unnecessary or irrelevant to the operations of the funded start-ups;
- (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.

The above examples are not exhaustive. CityU will consult ITC if it has any doubt on whether an item could be charged under TSSSU.

11. 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 outside Hong Kong.
12. ITC will not take equity in the funded start-ups or claim intellectual property rights arising from start-ups' businesses.

Application Procedure

13. Applicants must apply online at a given link and complete all sections of the application form (Annex A). Annex A must be with signature and company's chop, and all relevant supporting documents, as stipulated in Section C of Annex A, must be submitted with Annex A together. The application's closing deadline will be at noon, 31 October 2022. Applicants should send the completed Annex A and supporting documents to the following address. Late submission may not be shortlisted for consideration.

Address:

Knowledge Transfer Office,
Room 2220, Cheng Yick-chi Building,
City University of Hong Kong

Office Hours: Monday to Friday : 9:30 am to 12 noon, 2 pm to 5 pm

14. 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. Each funded start-up is required to submit a half-yearly report on the progress of its business. The performance of each funded start-up will be measured against the milestones set out in the application form.
15. Applicants must provide details of their estimated expenditures, the sum of which is equal to the TSSSU funding being applied for. Please note that the funding you are applying for may not be fully approved. The amount finally approved by ITC will be the Final Approved Budget, and

the applicant will be required to amend the expenditures under Manpower, Equipment, and Other Direct Costs accordingly.

Assessment and Selection

16. Shortlisted applicants will be interviewed and considered by Selection Panels consisting of CityU internal members, seasoned entrepreneurs, industrialists, and professionals, including main chambers and supporting organizations in their key technology areas. The assessment and selection mechanisms will be operated fairly, openly, and objectively.
17. In assessing an application, all Selection Panels would apply the following selection criteria:
 - (a) innovation and technology content of the business;
 - (b) commercial viability of the business;
 - (c) capability of the start-up and its team to undertake the R&D work and manage the company;
 - (d) the social and/or community impact of the start-up's business and R&D work;
 - (e) any other criteria that CityU sees fit.

Publicity and Acknowledgement

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

Handling of Information

20. Subject to the provisions below, information provided by the start-ups in their applications and reports will be kept by ITC in confidence and all personal data will be handled in accordance with the relevant provisions of the Personal Data (Privacy) Ordinance (Cap. 486). In this regard, the Government shall have the right to disclose, without further reference to the start-ups, whenever it considers appropriate, Discloseable Information⁵ to other Government bureaux/departments, statutory bodies or relevant third parties for the purposes as prescribed in the application forms/reporting templates or other related purposes. Relevant information will also be posted on the ITF website for public access. In submitting the application/report, the start-up irrevocably and unconditionally authorise the Government to make and consent to the Government making any of the aforesaid disclosure.
21. By submitting the application/report, the start-ups are regarded to have agreed to, and to have obtained from the entities and each individual whose information (including personal data) is provided in the relevant document, their consent for the disclosure, use and further disclosure by the Government of the information (including personal data) for the purposes set out above.

Important Note

22. The funded start-ups shall conform in all respects with all legislation (including the Laws of the People’s Republic of China on Safeguarding National Security in the Hong Kong Special Administrative Region), regulations and by-laws of the Hong Kong Special Administrative Region.

⁵ “Discloseable Information” means any information provided by the start-ups and the universities to the Government in their applications and reports including without limitation, information in connection with, their applications under the TSSSU, the names and addresses of and other information on the start-ups including past applications, other ITF projects they are undertaking / proposes to or will undertake, details of the applications and the projects, the project costs and the TSSSU funding, and any other information provided by the start-ups and the universities to the Government.

Enquiries

For enquiries about the application, please send email to HKTech300.tssu@cityu.edu.hk with your contact telephone no.

September 2022