



Innovation and Technology Commission

Technology Start-up Support Scheme for Universities (TSSSU)

Frequently Asked Questions (FAQ)

Eligibility

Q1 Who may become a member of the team? Who can become the person-in-charge (PIC)?

A1 The team forming the start-up may have any mix of undergraduates, postgraduates, alumni, professor(s) or other faculty members of the associated university as set out in paragraph 5 of the ITC Application and Reimbursement Guidelines for TSSSU (ITC Guidelines). The PIC should be associated with the university recommending the relevant TSSSU application, subject to further eligibility requirements set by the associated university to suit its own circumstances. These are stipulated in paragraph 7 of the ITC Guidelines.

Q2 Would students taking sub-degree programme (e.g. Associate Degree, Higher Diploma) be eligible PICs under TSSSU?

A2 Students taking sub-degree programmes would not be eligible PICs under TSSSU.

Q3 If the PIC of a start-up approved for TSSSU funding resigns from the position, rendering the start-up no longer eligible for the funding support, what follow-up actions should the start-up and/or the associated university take?

A3 If the PIC of the start-up approved for TSSSU funding resigns from the position, rendering the start-up no longer eligible for the funding, then the start-up should identify a proper replacement as soon as possible and seek approval from the associated university. The associated university should also notify the Innovation and Technology Commission (ITC) of the approved modification(s) as soon as possible.

Q4 Can a start-up comprising only one member (i.e. the PIC) be eligible to apply for TSSSU funding?

A4 Each applicant start-up should comprise more than one member, one of them should be the PIC. The team forming the start-up may have any mix of the members of the associated university, as set out in paragraph 5 of the ITC Guidelines.

Q5 Can a start-up be funded under TSSSU through more than one associated university in the same Government financial year?

A5 Paragraph 9 of the ITC Guidelines stipulates that any expenditure item or part thereof which is already funded by the Government, a Government subvented body/institution, the associated university or third parties will not be funded under TSSSU. Each start-up should only apply to one associated university in the same Government financial year.

Q6 Can a start-up switch its associated university when applying for TSSSU funding for the second or the third year?

A6 Individual university provides advice/assistance to each start-up funded under TSSSU. For the sake of continuity, we do not encourage start-up to switch its associated university for TSSSU funding for the second or the third year. In any case, a start-up can only be funded by TSSSU for not more than three consecutive years (counting from the first year it receives the funding regardless of the associated universities), as stipulated in paragraph 3(b) of the ITC Guidelines.

Q7 Can a team member of a TSSSU-funded start-up join another start-up and apply for further TSSSU funding?

A7 TSSSU funding aims to bring new blood, new ideas and new ventures from the six local universities to the innovation and technology sector. A team member of a TSSSU-funded start-up may join another start-up and apply for further TSSSU funding subject to its meeting of the

criteria and requirements of TSSSU prescribed by ITC and the relevant university as appropriate.

To enable individual universities and their selection panels to make well-informed assessment of the TSSSU applications received, the applicant start-ups should make a full disclosure of (a) the identity of their shareholders, (b) the amount of their respective shares holding, and (c) their involvements in related projects in the past five years that have been supported by TSSSU, if any, to their respective universities and ITC. The general rule is that should there be corporate shareholders, they should not be mature companies in the same industry involving in the research and development (R&D) of the same or similar deliverables, products or services.

Amount of Funding

Q8 Can a university re-allocate its residual funds from one start-up which ceased or will cease operation (i.e. the balance of the annual funding for such start-up capped at \$1.5 million) during a Government financial year to another start-up?

A8 The associated university may re-allocate the balance of its annual funding under TSSSU from one start-up to another start-up during a Government financial year, provided that the latter has also been selected by the university's selection panel in a fair, open and objective manner and the proposal has been examined by ITC. The \$1.5 million annual funding cap for each start-up should still apply. The associated university should also document properly the relevant changes and reflect the information in Section D(4) of the annual return 'Assessment of Technology Start-up', i.e. Annex D(ii) to the ITC Guidelines.

Scope of Funding

Q9 Are insurance fees for taking out insurance policies for employees fundable under TSSSU?

- A9 The premiums of the minimum mandatory insurance policies for employees are fundable under TSSSU on a pro rata basis.
- Q10 Are salary for shareholder(s) of a TSSSU-funded start-up and fee for hiring service provided by its shareholder(s) fundable under TSSSU?**
- A10 TSSSU funding could be used to cover remuneration for its shareholder(s) (under the broad category of ‘Manpower’) and fee for hiring service provided by its shareholder(s) (under the broad category of ‘Other Direct Costs’). However, any shareholder cannot be paid under these two broad categories at the same time. To avoid conflict of interest, any shareholder or team member of TSSSU-funded start-ups should not be a supplier of any equipment or consumables which will be claimed under TSSSU. In any event, TSSSU funding should be used in a reasonable, proportionate and proper manner, subject to the start-ups’ compliance with the funding requirements of TSSSU prescribed by ITC and the associated universities as appropriate.
- Q11 To seek TSSSU funding to cover expenses incurred in an activity that has generated income or other sources of funding, how can a start-up demonstrate that the expenditure item concerned or part thereof has not been funded by third parties?**
- Q11 To demonstrate that an expenditure item or part thereof has not been funded by third parties and/or income generated from the activity concerned (e.g. expenditure incurred in fee-charging promotion/marketing activities already covered by other funding provided for or income/revenue generated from the same activity), the start-up should provide relevant documentary proofs such as a financial statement showing a breakdown of the major categories of the income and expenditure of the activity concerned. Such a financial statement should be certified by a company director or the auditor of the start-up concerned, with company chop of the signing entity.

Assessment Arrangement

Q12 Should an application recommended for TSSSU funding reach any minimum score?

A12 Each university has devised its own assessment and selection mechanism to assess the applications received. Specifically, it has prescribed certain mandatory assessment criteria based on the four areas stipulated in the ITC Guidelines¹ and other criteria that the university sees fit. Generally speaking, any start-up recommended for TSSSU funding should reach a minimum score of 50% of the full score of each mandatory assessment criterion.

Reimbursement Arrangements

Q13 Can the reimbursable period which does not start from 1 April of a Government financial year be adjusted to cover a full year?

A13 The reimbursable period for any Government financial year under TSSSU refers to the period between the date stipulated by ITC regarding the funding for the start-up concerned or 1 April, whichever is later, and the end of the relevant Government financial year (i.e. 31 March).

Q14 If its associated start-up fails to submit the reimbursement request (i.e. Annex B to the ITC Guidelines) and/or other required documents to the associated university despite repeated reminders, can the associated university be reimbursed for funds already disbursed to the start-up concerned?

¹ The four assessment areas stipulated in the ITC Guidelines for TSSSU are –

- (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 proposed and manage the company; and
- (d) social and/or community impact of the business and R&D work.

A14 Under such an exceptional circumstance where a start-up fails to submit the reimbursement request (i.e. Annex B to the ITC Guidelines) and/or other required documents (e.g. the statement of expenditure, the auditors' report, etc.) to the associated university, ITC will still consider reimbursing the associated university with the funds disbursed to the start-up concerned, provided that –

- (a) the relevant start-up was assessed and selected by the Selection Panel established by the associated university according to its operation plan in a fair, open and objective manner;
- (b) the performance (including but not limited to the technical milestones and the proper use of the TSSSU funding) of that start-up was under the ongoing monitoring of the associated university throughout the reimbursable period; and
- (c) the associated university must demonstrate that it has put in place an effective ongoing monitoring mechanism and has made its best endeavour (e.g. issuing written requests, reminders and warnings, taking legal action to enforce any funding agreement entered with the start-up concerned as appropriate) to obtain the required documents and the return of respective advance payments from the start-up.

If all of the above conditions have been satisfied and all practicable means to obtain the required documents and the return of the advance payments from that start-up fail, the associated university may make a special reimbursement request, together with the following, to ITC for consideration –

- (a) an undertaking duly signed by the Head of the respective university unit responsible for TSSSU –
 - (i) declaring the interests between the associated university and the start-up concerned;
 - (ii) stating that the university has exhausted all practicable means to get the required documents and the return of the advance payments from the start-up; and

- (iii) agreeing to continue the effort for recovering the amount paid to the start-ups and will return the amount to ITC upon successful recoupment; and
- (b) a written explanation from the associated university detailing:
 - (i) the case background, including why the start-up concerned did not submit the reimbursement request and/or the required documents for reimbursement (to the best knowledge of the associated university);
 - (ii) the university's ongoing monitoring of the start-up within the reimbursable period, including but not limited to its achievement in milestones and its use of the TSSSU funding;
 - (iii) justifications for making payments to the start-up during the reimbursable period; and
 - (iv) the efforts that the associated university has made to obtain the required documents and the return of respective advance payments from the start-up (plus the documentary proof and evidence), and any response from the start-up; and
- (c) the supporting documents for the payment(s) already made by the associated university to the start-up concerned (e.g. bank statements, relevant correspondences between the associated university and the start-up, etc.).

ITC reserves the right not to reimburse the expenses incurred if ITC is not fully satisfied with the explanations provided by the associated university.

Q15 Whether a belated reimbursement request (for reasons other than the exceptional circumstance set out in Q14 above) will be processed by ITC?

A15 The date to submit reimbursement requests and related documents to ITC (i.e. 31 July every year) has been stipulated in paragraph 19 of the ITC Guidelines as well as ITC's call circular issued to universities in end March/early April every year. The universities and the funded start-ups should therefore endeavour to return the required information in a proper and timely manner.

If there is any sign or incident that a start-up will not submit the reimbursement request and related documents to the university in good time, the university concerned should take precautionary actions (e.g. issuing written reminders and warnings, enforcing its funding agreement entered with the start-up concerned as appropriate). Should there be any belated return, universities are required to seek ITC's prior agreement with justifications and provide the belated reimbursement request(s) as well as the complete set of related documents to ITC within ten months after the end of the financial year in which the application of the start-up was approved. All clarifications should be made to the satisfaction of ITC before acceptance for reimbursement purpose.

To uphold the effective control of TSSSU funding, ITC will not further process a belated reimbursement request 24 months after the end of the Government financial year in which the application of the start-up was approved.

Q16 How would ITC reimburse universities given that advance payment is provided to universities?

A16 ITC will only reimburse the net amount to universities after deducting the advance payment. If reimbursement requests sent by universities are in batches, ITC will only start processing the requests when the requested sum is more than the advance payment that has already been effected.

Monitoring and Review

Q17 Should the universities forward both the half-yearly reports and the annual reports from their associated start-ups to ITC?

A17 Universities are only required to forward to ITC by 31 August every year the annual reports from their associated start-ups, together with the duly completed annual returns 'University's Observations on

Technology Start-ups’ and ‘Assessment of Technology Start-up’ (i.e. Annex D(i) and Annex D(ii) to the ITC Guidelines). The half-yearly reports (covering the first half of a Government financial year) aim to help the universities to keep track of the technical and financial performance of the funded start-ups.

Modification to Business Proposal

Q18 What constitutes a ‘material modification’ to the amount of TSSSU funding that requires a prior approval from the associated university as stipulated in paragraph 25 of the ITC Guidelines?

A18 As a general rule of thumb, a material modification to the approved budget refers to the situation where –

- (a) a new expenditure item is proposed regardless of its amount; or
- (b) the cumulative overspending for a broad category (i.e. Manpower, Equipment, or Other Direct Costs) is more than \$50,000 and as well exceeds 30% of the budgeted amount in the latest business proposal agreed; and
- (c) the modification does not result in any increase in the total amount of TSSSU funding approved for the start-up concerned.

In such circumstances, the start-up concerned should seek **prior approval from the associated university within the reimbursable period** (i.e. by 31 March of the Government financial year concerned). Templates for seeking and approving material modifications to the approved budget and other matters relating to the business proposal are provided in Annex E(i) and Annex E(ii) respectively to the ITC Guidelines. The universities should notify ITC of the approved modifications as soon as possible. The start-up concerned should reflect all the approved material modifications in Section C(4) of the annual return ‘Assessment of Technology Start-up’, i.e. Annex D(ii) to the ITC Guidelines.

Q19 What should the start-up or the associated university do if a start-up has made a material modification before receiving a prior approval from the university (i.e. against the requirement stipulated in paragraph 25 of the ITC Guidelines)?

A19 All funded start-ups should seek prior approval from its associated university for any proposed material modifications according to para. 25 of the ITC Guidelines. For exceptional situation where a start-up has made a material modification before receiving a prior approval from its associated university, it should provide a written explanation at Section C of Annex E(i) or Annex E(ii) on the following to the associated university within the reimbursable period –

- (a) why prior approval(s) was not sought from the associated university before making such material modification(s) to its business proposal; and
- (b) how such modifications can facilitate the start-up to realise its business proposal.

After review, if the associated university is not fully satisfied with either of the explanations as listed in (a) and (b) or the start-up has applied for retrospective approval repeatedly, the university should issue a warning to the start-up regarding such non-compliance, and should consider discontinuing the TSSSU funding, in whole or in part, for the start-up. Afterwards, the associated university should notify ITC of such alteration and its decision as soon as possible. **No retrospective approval** should be granted after the end of the Government financial year in which the application of the start-up was approved.

If the associated university is satisfied with the explanations after its review, it should notify ITC of the material modifications as soon as possible.

ITC reserves the right to re-examine the case. The associated university should also document such non-compliance properly and reflect the information in Section D(4) of the annual return ‘Assessment of Technology Start-up’, i.e. Annex D(ii) to the ITC Guidelines.

Q20 Should a start-up be required to take any action if the cumulative overspending for a broad category (i.e. Manpower, Equipment, or Other Direct Costs) does not exceed \$50,000 and 30% of the budgeted amount in the latest business proposal agreed?

A20 If the cumulative overspending for a broad category (i.e. Manpower, Equipment, or Other Direct Costs) of a start-up does not exceed \$50,000 and 30% of the budgeted amount in the latest approved business proposal, the start-up concerned should document such budget change(s) using the format of Section B in Annex E(i) to the ITC Guidelines. Such records should be provided to the auditors appointed by the start-up concerned for preparing an audited statement of claim for reimbursement under TSSSU. ITC reserves the right to re-examine the case and not to reimburse certain items if ITC is not fully satisfied with the explanations for the start-up's failure in providing the required documents.

Others

Q21 Could the expenditures incurred by Knowledge Transfer Offices or Technology Transfer Offices/Centres (TTOs) of the associated universities in hiring professional/specialised staff or obtaining professional/specialised services that are essential for implementing TSSSU be funded under a separate funding from ITC for enhancing the work of TTOs?

A21 The expenditures incurred by TTOs in hiring professional/specialised staff or obtaining professional/specialised services that are essential for implementing TSSSU could be funded under the separate funding for TTOs. However, the general administrative overheads in implementing TSSSU should not be funded through that TTO funding.