



Innovation and Technology Commission

Technology Start-up Support Scheme for Universities (TSSSU)

Frequently Asked Questions (FAQ)

Eligibility

Q1 Should the person-in-charge (PIC) be associated with the university recommending the relevant TSSSU application?

A1 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 were stipulated in paragraph 6 of the ITC Application and Reimbursement Guidelines for TSSSU (ITC Guidelines).

Q2* Who may become a member of the team? Who can become the PIC?

A2* The team forming the start-up may have any mix of undergraduates, postgraduates, alumni and/or professor(s) of the associated university as set out in paragraph 5 of the ITC Guidelines. Any undergraduate, postgraduate, alumnus, or professor (i.e. bearing the title of *Professor*, *Associate Professor*, *Assistant Professor*, *Visiting Professor*, etc. of the associated university) in the team can become the PIC.

Q3 Would students taking sub-degree programme (e.g. Associate Degree, Higher Diploma) be eligible PICs under TSSSU?

A3 Students taking sub-degree programmes would not be eligible PICs under TSSSU.

Q4 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?

A4 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.

Q5* Can a start-up comprising only one member (i.e. the PIC) be eligible to apply for TSSSU funding?

A5* 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 undergraduates, postgraduates, alumni and/or professor(s) of the associated university, as set out in paragraph 5 of the ITC Guidelines.

Q6 Can a start-up be funded under TSSSU through more than one associated university in the same Government financial year?

A6 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.

Q7 Can a start-up switch its associated university when applying for TSSSU funding for the second or the third year?

A7 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.

Q8* Can a team member of a TSSSU-funded start-up join another start-up and apply for further TSSSU funding?

A8* 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 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 involvement 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

Q9 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 \$1.2 million) during a Government financial year to another start-up?

A9 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 \$1.2 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

Q10 Are the licensing fees/royalties due to the associated university by the start-ups fundable under TSSSU?

A10 The licensing fees/royalties due to the associated university by the start-ups are fundable under TSSSU. The licensing fees/royalties should be charged in a reasonable and proportionate manner.

Q11* Are insurance fees for taking out insurance policies for employees fundable under TSSSU?

A11* The minimum mandatory insurance cover for employees are fundable under TSSSU.

Q12* Are expenses incurred in offering gifts (e.g. cash coupons) for marketing and promotional purposes reimbursable under TSSSU?

A12* Expenses incurred by a TSSSU-funded start-up in offering gifts (e.g. cash coupons) are not regarded as a reasonable use of TSSSU funding and are not reimbursable under TSSSU.

Q13* Are salary for shareholder(s) of a TSSSU-funded start-up and fee for hiring service provided by its shareholder(s) fundable under TSSSU?

A13* 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 and 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.

Q14* Can TSSSU funding be deployed as matching fund for other schemes of the Innovation and Technology Fund (ITF)?

A14* Under certain funding schemes of the ITF, the applicant companies and the Government are required to contribute to the total project cost on a matching basis. The companies concerned have to bear their respective matching funds using their own financial resources.

Assessment Arrangement

Q15* Should an application recommended for TSSSU funding reach any minimum score?

A15* 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.

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.

Reimbursement Arrangements

Q16 Can the reimbursable period which does not start from 1 April of a Government financial year be adjusted to cover a full year?

A16 The reimbursable period for any Government financial year under TSSSU refers to the period between the day ITC notifies the associated university of 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).

Q17 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?

A17 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 of that start-up was under the monitoring of the associated university throughout the reimbursable period; and
- (c) the associated university must demonstrate that it has made its best endeavour (e.g. issuing written requests, reminders and warnings, as appropriate) to obtain the required documents from the start-up.

If all practicable means to obtain the required documents 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; and
 - (ii) stating that the university has exhausted all practicable means to get the required documents from the start-up;
- (b) a written explanation from the associated university detailing 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), the efforts that the associated university has made to obtain the required documents 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 for the start-up's failure in providing the required documents.

Monitoring and Review

Q18 Should the universities forward both the half-yearly reports and the annual reports from their associated start-ups to ITC?

A18 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 performance of the funded start-ups.

Modifications to Business Proposal

Q19* What constitutes a ‘material modification’ to the amount of TSSSU funding that requires a prior approval from the associated university as stipulated in paragraph 24 of the ITC Guidelines?

A19* As a general rule of thumb, material modification to the amount of TSSSU funding 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) exceeds 30% of the budgeted amount in the latest business proposal agreed or \$50,000, whichever is higher; 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). A template for seeking and approving material modifications is provided in Annex E 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.

Q20 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 24 of the ITC Guidelines)?

A20 If a start-up has made a material modification before receiving a prior approval from its associated university, it should provide a written explanation for 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 have affected/would affect its original business proposal.

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

If the associated university is not fully satisfied with the explanations after its review, it 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.

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.

Q21* **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 or 30% of the budgeted amount, whichever is higher, in the latest business proposal agreed?**

A21* 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 or 30% of the budgeted amount, whichever is higher, in the latest business proposal agreed, the start-up concerned should document such budget change(s) using the format of Section B in Annex E 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

Q22 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?

A22 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.

Innovation and Technology Commission
August 2017