

## PolyU Tech Launchpad Fund (TLF) Scheme 2022-23 Frequently Asked Questions

### Application Eligibility

#### 1. Is a PolyU staff member eligible to apply for this Fund?

Yes.

According to the Technology Start-up Support Scheme for Universities (“TSSSU”) Application and Reimbursement Guidelines (“TSSSU Guidelines”) from Innovation and Technology Commission (“ITC”), **professor(s) or other faculty members** serving as consultant(s) providing technical expertise and direction of the R&D are eligible to apply as Person-in-charge. (“PIC”)

Nevertheless, a PolyU staff member can be involved in the start-up as a team-member, shareholder or a non-operating executive as long as he/she obtains approval from the University management through Outside Activity System (“OAS”) and observes all the pertinent rules and regulations of PolyU. For more details on the approval procedure, he or she should consult Human Resources Office (“HRO”).

#### 2. Is an ex-staff member or retired professor eligible to apply for this Fund?

No, **ONLY current** professor(s) or other faculty members are eligible to apply as PIC.

#### 3. Can teaching or clinical staff (tutor, instructor, teaching fellow, clinical associate etc.) apply for this Fund?

As mentioned, TSSSU Guidelines stipulate that professor(s) and other faculty members can apply as PIC.

#### 4. Can research postgraduate students apply for this Fund?

Yes, research postgraduate students can apply but need to check with Graduate School (3400-3635) for any necessary approval before submitting applications.

#### 5. Who can be the Person-in-Charge (“PIC”)?

The PIC must be a PolyU undergraduate, postgraduate (full time or part-time), an alumna/ alumna, a professor or a faculty member. However, the PIC is required to hold a **senior position** in the applying company and can be reached by PolyU during normal business hours, to be responsible for:

(a) overseeing the operations of the company; and

(b) liaising with PolyU on matters relating to the funding support under the TIF Scheme.

In the sole opinion of PolyU, senior position usually should be evidenced by:

(a) **20% or more ownership**, in the form of equity shares or share options, of the applying company; and

(b) **working on a full-time basis** in the applying company unless he/she is a current full-time student, professor or faculty member of the University.

**6. Can a full-time student be the Person-in-Charge (PIC)?**

A full-time student can be the PIC if he/ she fulfils the requirements as mentioned in Question 5 above and plays a key role in the applying company and contributes a considerable amount of his/ her time to the applying company.

**7. Can a student/ alumnus of a sub-degree programme (e.g. Association Degree, Higher Diploma) offered by PolyU be the Person-in-Charge (PIC)?**

No, a student taking sub-degree programmes, or an alumnus of such programmes, is not eligible to be PIC under TSSSU. The student is however free to join an applicant team as a team member.

**8. Can a student/ alumnus/ professor of the Hong Kong Community College (HKCC) or the School of Professional Education and Executive Development (SPEED) under PolyU be the Person-in-Charge (PIC)?**

No, a student/ alumnus/ professor of the HKCC / SPEED is not eligible to be PIC under TSSSU. The student/ alumnus/ professor is however free to join an applicant team as a team member.

**9. Is there any restriction on the shareholding structure of the applying company?**

Although there is no specific restriction on the shareholding structure of the applying company, it is expected that the PIC has to own 20% or more equity shares and work on a full-time basis in the company unless he/she is a current full-time student, professor or faculty member of the University as mentioned in Question 5 above.

**10. What pre-incubation/ incubation programmes are regarded as Qualified Incubation Programmes?**

Qualified Programmes include but are not limited to PolyU Micro Fund (“MF”) Scheme, Cyberport Creative Micro Fund (“CCMF”) Scheme, Youth Business Hong Kong (“YBHK”), HKSTP-PolyU Tech Incubation Fund (“TIF”) Scheme, STEFG-PolyU China Entrepreneurship Fund (“CEF”) Scheme, PolyU Lean Launchpad Programme (“LLP”) and incubation programmes provided by HKSTP, Cyberport, etc.

Generally speaking, pre-incubation/ incubation/ acceleration programmes offered by universities, public institutions, reputable NGOs or private companies are acceptable. Please feel free to contact us if you have any query on a specific programme.

**11. My company is currently in an incubation programme. Do we have to quit the current incubation programme if we get funded under the TLF Scheme?**

No, you don't have to quit the current incubation programme unless the terms and conditions of the programmes require you to do so.

However, please note that any expenditure item or part thereof which is already funded by the Hong Kong Special Administrative Region (HKSAR) Government, a Government subvented body/ institution, PolyU or third parties will however not be funded under the TLF Scheme to avoid double payment for the same part of an expenditure item of the same project/ business proposal. Please refer to Section E (3) of the TLF Guidelines for details.

**12. Who are the Authorised Collaborating Investors? Where can I find more information about them?**

Authorised Collaborating Investors are investors/ investment firms/ investment funds under a collaborative arrangement with PolyU to co-finance the Funded Start-up under the TLF Scheme.

For the Government FY2022-23, an investor with one of the following status is preliminarily regarded an Authorised Collaborating Investor subject to confirmation of the TLF Investment Panel:

- a member of Cyberport Investors Network (CIN)
- a member of Hong Kong Business Angel Network (HKBAN)
- a member of Hong Kong Science and Technology Parks Corporation (HKSTP) Investor Network
- a Charter Member of The Indus Entrepreneurs Hong Kong (TiE HK)

**13. My company was invested by one of the Authorised Collaborating Investors. Could I apply for the TLF Scheme?**

Yes, you can still apply with full declaration. In order to avoid conflict of interest, the related investor(s) will not participate in the Investment Panel.

**14. We are discussing with an investor who is willing to invest in our company. Can we apply for the TLF Scheme to match this external investment?**

The TLF Scheme is designed to leverage the expertise and resources of the Authorised Collaborating Investor(s) to accelerate the high impact PolyU start-ups with a robust assessment and selection mechanism. You are encouraged to introduce the investor to one of the investment organisations mentioned in

Question 12 above to apply for a membership/ partnership. If admitted, the investor will be preliminarily regarded an Authorised Collaborating Investor.

For the avoidance of doubt, the signing date of the investment agreement should be between the application opening date (i.e.1 August 2021) and the investment agreement submission deadline as specified by PolyU (i.e. 20 January 2022).

**15. Our team worked on a project supported by a pre-incubation programme (e.g. the Cyberport Creative Micro Fund (CCMF) Scheme), but we did not establish a company for the project. If we set up a new company recently to implement a new project, are we eligible to apply?**

If you can prove that the applying company is closely associated<sup>1</sup> to the core team and/ or the project supported by the pre-incubation programme, your company is eligible to apply.

The condition of going through a pre-incubation/ incubation programme is to ensure the applying company/ team has met a certain level of qualification set by a credible incubator. Please refer to Section A (5) of the TLF Guidelines for details.

**16. We are STEFG-PolyU China Entrepreneurship Fund (CEF) awarded team with a company registered in Mainland China. We also registered a company in Hong Kong for international expansion. Is our Hong Kong company eligible?**

In such case, your company in Hong Kong may fulfil the condition that the applying company has graduated from or currently is in one of the qualified pre-Incubation/ incubation programmes.

However, you still have to fulfil other conditions, for example, your company in Hong Kong must be technology-oriented. If it is simply a trade office, then it is not eligible to apply. Please refer to Section A of the TLF Guidelines for details.

**17. What is the minimum or maximum number of members per team?**

Each applicant team should comprise at least two members, one of them should be the PIC. There is no upper limit on the number of members per team.

**18. I had been funded under the TLF Scheme previously, can I also apply the TLF Scheme with the same project again?**

Yes, as long as (1) you complete and submit the required application form and documents before the application deadline; and (2) the combined duration of funding support under the previous TLF Scheme and the current TLF Scheme shall not exceed three years, due to the restriction under TSSSU Guidelines that each technology Start-up should not be funded for more than three years.

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<sup>1</sup> In the sole opinion of PolyU, the two companies are “closely associated” when (a) either one company has controlling ownership of the other company; or (b) the two companies have similar shareholding structure owned by the core team of the applicant.

However, the accumulative funding support to a Funded Start-up under the Scheme shall be capped at 1.5 million Hong Kong dollars annually and 4.5 million Hong Kong dollars at all time with the specific amount each year decided by the TLF Investment Panel.

**19. I would like to commercialise PolyU research technologies, but my company / team has not been in any qualified pre-incubation/incubation programme. Can I apply for the TLF Scheme?**

If any one of the inventors of the PolyU research technologies is a team member or a shareholder of the applying company, your company / team will be eligible even it has not been in any qualified pre-incubation/incubation programme.

However, please note that the intellectual property (IP) of the technology is owned / co-owned by PolyU and so (1) your company / team should obtain authorisation to use the IP as further elaborated in Question 39; and (2) your company / team still needs to secure investment from an Authorised Collaborating Investor defined in Question 12. Government funding support such as Enterprise Support Scheme (ESS) will not be regarded as investment.

## **Application and Assessment**

### **20. Do we have to register a company upon application?**

No, you do not have to register a company upon the application deadline. However, you have to register a Hong Kong company and submit the Hong Kong Business Registration Certificate (BR) and the Certificate of Incorporation (CI) on or before the term sheet submission deadline as specified by PolyU (i.e. 28 November 2021).

### **21. Should I provide a full set of business plan in submitting the application?**

No, you only need to submit a 15-slide Investment Pitch Deck and a 3-min Pitching Video on YouTube upon submitting your application. However, once shortlisted, you must submit a business plan in word format (five pages with no more than 10-page attachments) before the presentation to the TLF Investment Panel. Please refer to Section B (3) of the TLF Guidelines for details.

### **22. How will my application be assessed?**

An eligibility screening will be conducted by PolyU staff before your application being circulated to the Authorised Collaborating Investors.

A period of around two months will be given for investment matching and negotiations.

Applicants who secured and submitted a mutually agreed term sheet will be invited to the declaration and disclosure exercise and present to the TLF Investment Panel.

The Investment Panel will access all the potential investments and decide on the preliminary recommendations for PolyU.

The funding decision will then be confirmed subject to signing of the investment agreement with the investor, funding availability of the Government financial year, examination and approval of ITC and signing of the agreement with PolyU.

Please refer to Section D of the TLF Guidelines for details.

### **23. What if I cannot accept the terms offered by the Authorised Collaborating Investor(s)?**

You should be responsible for negotiating with the investor(s). PolyU would not participate or intervene in any business negotiation or be involved in the process by any means.

The valuation of a start-up is subjective, and the conditions can be complicated. You have every right to negotiate, accept or reject any investment offer made by the investors.

However, please note that under the TLF Scheme the funding decisions are based on the prospect investment from Authorised Collaborating Investors, if you could not reach an agreement with the investor(s) before the investment term sheet submission deadline, your TLF application will not be processed any further.

**24. What if we secured more than one Investment Term Sheet (not a co-investment)?**

A single signed Investment Term Sheet will suffice for fund matching purpose under the TLF Scheme. No change of the Authorised Collaborating Investor (with whom the applicant signed the Investment Term Sheet) is allowed during the application stage and the reimbursable period unless approved by PolyU.

**25. What if we cannot finalise the investment agreement upon the investment agreement submission deadline?**

If you cannot finalise the investment agreement, you will not be entitled to the fund under the TLF Scheme.

**26. When should I sign the investment term sheet?**

You can directly submit the investment term sheet / agreement upon application if you have secured and signed the investment term sheet / agreement on or before the term sheet submission deadline.

For the avoidance of doubt, the signing date of the investment term sheet should be between the application opening date (i.e. 1 August 2021) and the term sheet submission deadline as specified by PolyU (i.e. 28 November 2021).

**27. When should I sign the investment agreement?**

For the avoidance of doubt, the signing date of the investment agreement should be between the application opening date (i.e. 1 August 2021) and the investment agreement submission deadline as specified by PolyU (i.e. 20 January 2022).

**Funding Scope and Disbursement**

**28. Can the TLF fund be deployed as matching fund for other schemes of the Innovation and Technology Fund (ITF)?**

No, 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. Your company should bear the respective matching funds using your own financial resources.

**29. If my company could not fully claim the expenses within the Government financial year, will my entitlement of the Fund be extended to next year?**

No. The Fund granted under the TLF Scheme should only cover the expenses accrued **within the Reimbursable Period**. The Reimbursable Period refers to the period from the date of ITC's notification to PolyU of the funding support (which will be subsequently notified to the Funded Start-ups via PolyU) to the end of the relevant Government financial year (i.e. 31 March of the next calendar year).

Please refer to Section F (2) to (6) of the TLF Guidelines for details.

**30. Do I need to return to PolyU any unused fund granted under the TLF Scheme?**

Yes. The Fund granted under the TLF Scheme should only cover the expenses **accrued** within the Reimbursable Period.

Please refer to Section F (10) of the TLF Guidelines for details.

**31. Do we have to provide audited financial reports of the company for reimbursement?**

You need to submit the **audited Statement of Expenditure ONLY** but not the audited financial reports of the company for reimbursement of the Fund.

Please refer to Section F (4) of the TLF Guidelines for details.

**32. What auditor should we engage to prepare and submit audited Statement of Expenditure?**

You must engage an auditor with membership of The Hong Kong Institute of Certified Public Accountants or of similar status. You should provide him/ her the Notes for Auditors (Appendix 4 and 4(a) of the TLF Guidelines) and relevant documents to facilitate the audit exercise.

In addition, you should properly keep all the related documents, records, etc. as the ITC and any authorised person acting on behalf of the Government may conduct random checks of the documents of the Funded Start-ups to ensure their compliance with the TSSSU Guidelines and requirements relevant to the funding support. Inappropriate handling of the financial records or the auditor's reports may result in suspension or even cancelation of the funding support.

**33. Can we use the Fund to pay our salary and/ or our technology advisor(s)?**

Yes, you can use the Fund to pay manpower expenditures, which include the founding team's salaries and service fees to the advisor(s). However, you have to observe and comply with restrictions stipulated in Section E (4)b and (6) of the TLF Guidelines, which are also applicable to the **regular service fee** to the technology advisor(s).

Notwithstanding this restriction, if the fees are paid to a third-party consultant/ company/ institution (non-founding team member) for **project-based consultancy services**, the upper limits of manpower expenses do not apply.

**34. Are licensing fees/ royalties due to PolyU allowable expense under the TLF Scheme?**

Yes, licensing fees/ royalties due to PolyU are fundable items under the TLF Scheme.

**Monitoring and Reporting****35. How will my company be monitored?**

In your business plan, there will be a section setting out the milestones of your company/ project development for the relevant Government financial year. It will serve as a good basis to be further developed into the half-yearly milestones to be agreed upon between you and PolyU.

During the Reimbursement Period, you should provide PolyU a half-yearly report and an annual report on the progress of your business normally on or before 30 November and 30 April of each respective Government financial year. Then meetings will be arranged for PolyU to review the progress before approval for the next disbursement.

Both PolyU and the investor(s) will provide advice and assistance on your business. You are encouraged to frequently contact the investor(s) and PolyU to update the latest progress of and any difficulties encountered by your business.

**36. What if we want to change our business plan/ milestones?**

During the Reimbursable Period, any material modification to the Business Plan of a Funded Start-up (including but not limited to change of PIC and key team members of the start-up, deliverables, cancellation of milestones, change of business scope, expected overspending exceeding HK\$50,000 or 30% (whichever is higher) of any broad category of the budget, etc.) will require prior approval from PolyU. Such modifications shall be in writing and supported by clear rationales and justifications.

**Intellectual Property (IP) Rights****37. Who will be the owner of any intellectual property (IP) generated?**

The IP generated from execution of the approved business plan shall be owned by the Funded Start-up.

**38. How do I know what PolyU's knowledge/ innovations/ technologies I can make use of in my application?**

You can find the PolyU's knowledge/ innovations/ technologies available for use via [www.polyu.edu.hk/ife/corp/en/innovation/tech\\_search.php](http://www.polyu.edu.hk/ife/corp/en/innovation/tech_search.php).

**39. When should I obtain the authorisation of using a third-party IP?**

You should obtain the written consent from the inventor/ owner of the IP upon submission of your application.

You MUST secure the official authorisation from the inventor/ owner before the fund confirmation deadline should your application be preliminarily recommended.

**40. What will be the arrangement if I need to use PolyU's knowledge/ innovations/ technologies (including but not limited to final year projects and class projects) to execute my proposed business?**

You should first approach the inventors concerned and Knowledge Transfer and Entrepreneurship Office (KTEO) (3400-2622/2801/2803) to check for such possibility.

Once your application is approved, you should enter into a licensing agreement with PolyU before using such knowledge/ innovations/ technologies (including but not limited to final year projects and class projects). Your company will then incur licensing and / or royalty costs.

**Others**

**41. Will PolyU claim any ownership stake on my start-up with the support of the TLF Scheme?**

No. The TLF Scheme is a grant to the Funded Start-up. Although PolyU will not own any share of your business, we however encourage you to make contributions to PolyU in future by employing PolyU students and/ or making donations to PolyU to signify your success and support the next generation of PolyU entrepreneurs.

**42. If a member of the company (e.g. PIC) withdraws from the company business and such a withdrawal may render the company no longer eligible for the TLF Scheme, what follow-up action should the company take?**

In such case, the company should identify a replacement as soon as possible and seek approval from PolyU for such a change. Failing that, the funding entitlement to the company will lapse and unused fund (including the fund disbursed/ used without appropriate proof documents) shall be returned to PolyU pursuant to Section F (10b) of the TLF Guidelines.

**43. If I need to use PolyU's equipment/ facilities during the execution of my proposed business, would there be any special arrangement for me?**

PolyU InnoHub offers some infrastructural facilities / office for PolyU supported start-ups. More details will be provided once your application is awarded.

For other equipment/ facilities, we encourage awardees to approach and discuss with the respective department(s) or advisor(s) (if any) for the utilisation of PolyU's resources including laboratory facilities and equipment.

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