

**立法會**  
**Legislative Council**

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**Panel on Commerce and Industry**

**Meeting on 20 December 2016**

**Background brief on  
the Technology Start-up Support Scheme for Universities**

**Purpose**

This paper provides background information on the Technology Start-up Support Scheme for Universities ("TSSSU") and provides a summary of views and concerns expressed by Members on the subject in previous discussions.

**Background**

2. The Financial Secretary announced in the 2014-2015 Budget a number of initiatives to enhance the application and commercialization of research and development ("R&D"), one of which was to provide an annual funding of up to \$24 million to the six designated universities<sup>1</sup> under the Innovation and Technology Fund ("ITF")<sup>2</sup> to provide seed money for R&D projects that they

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<sup>1</sup> The six designated 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.

<sup>2</sup> The Innovation and Technology Fund ("ITF") was established by Resolution passed by the Legislative Council on 30 June 1999 as a statutory fund to finance projects that contribute to innovation and technology upgrading and development in manufacturing and services industries in Hong Kong with a view to enhancing Hong Kong's economic development. The Finance Committee ("FC") approved, in July 1999, an appropriation of \$5 billion to ITF, and in February 2015, a further injection of \$5 billion into ITF. FC also approved the delegation of authority to the Financial Secretary to approve individual ITF projects not exceeding the prevailing funding ceiling of a Category D project in the Public Works Programme. Projects exceeding such funding ceiling will require FC's separate approval. The current funding ceiling for a Category D project in the Public Works Programme is \$30 million.

recommend, encouraging their students and teachers to start downstream R&D businesses and commercialize their R&D results.

### The Technology Start-up Support Scheme for Universities

3. The Innovation Technology Commission ("ITC") set up TSSSU under ITF in September 2014 to encourage the teams of six designated universities to start technology businesses, bring R&D results from the campus to the real world, and facilitate the realization of R&D results.

#### *Funding amount and duration*

4. Under TSSSU, an annual funding of up to \$4 million is provided, initially for three years (i.e. from the 2014-2015 to 2016-2017), to each of the six designated universities to support the setting up of technology start-ups by its teams which can comprise students, professors and alumni, etc. No limit is set on the number of start-ups set up under each university subject to the annual funding ceiling of \$4 million for each university. Each start-up is funded for not more than three years with an annual funding capped at \$1.2 million. Payments are to be made by ITC on a reimbursement basis after the close of each financial year.

#### *Eligibility*

5. Technology start-ups formed by teams of universities, as recommended by the respective universities, are eligible for the grant application. In addition, the company shall appoint a person-in-charge on a full-time basis to oversee the operations of the company generally and liaise with the university concerned and ITC on matters relating to the company.

#### *Scope*

6. The funding of TSSSU can be used in a reasonable and proportionate manner for essential items for setting up and operating the technology start-ups, expenditures on R&D and promotion and marketing of project deliverables.

### **Previous discussions**

7. The Panel on Commerce and Industry ("the Panel") discussed the Administration's new initiatives and improvement measures to enhance the application and commercialization of R&D results, including TSSSU, at the meeting on 18 March 2014. Members in general supported the proposed initiatives. The major views and concerns expressed by members are summarized in the ensuing paragraphs.

### Restrictive funding

8. Noting that each start-up would be funded for not more than three years with an annual funding capped at \$1.2 million, some members opined that such restrictions would not be conducive to encouraging universities to undertake more entrepreneurial activities or facilitate more commercial development of university intellectual property. Some other members were concerned that the annual funding cap for each company might not be enough to meet the expenditure of the company, including the salary of the full-time management staff.

9. The Administration advised that the proposed grant was an entrepreneurial financing scheme aiming to provide the seed money to encourage teams from the designated universities to start technology businesses and commercialize their R&D results. Moreover, according to the universities, the initial financial requirement for most start-ups was not very high. The full-time persons-in-charge of the start-ups were expected to be fresh graduates or postgraduates responsible for overseeing the operations of the company and liaising with the university concerned and ITC.

### Commercialization of research and development results

10. Some members requested the Administration to consider requiring each start-up to line up with at least one manufacturing company so as to ensure that their ideas or products were commercially viable. The Administration responded that start-ups were business ventures in their earliest stage of development while manufacturing of relevant products might be required at a later stage.

### **Examination of the Estimates of Expenditure 2015-2016**

11. At the special meeting of Finance Committee on 30 March 2015, members enquired about the total number of enterprises funded under TSSSU and the expenditure involved in 2014-2015, as well as the effectiveness of TSSSU. The Administration replied that in 2014-2015, the designated universities received a total of 100 TSSSU applications, out of which 36 had already got confirmation of the TSSSU funding. A total amount of approximately \$19 million was involved. ITC would review the funding arrangements after two years of implementation (i.e. in 2016-2017), and make improvements as and when necessary in the light of actual experience.

### **Latest position**

12. The Administration will brief the Panel at its meeting on 20 December

2016 on the implementation progress of TSSSU since 2014-2015, and seek the Panel's support for continuing TSSSU from 2017-2018 onwards.

**Relevant papers**

13. A list of relevant papers is in **Appendix**.

Council Business Division 1  
Legislative Council Secretariat  
14 December 2016

**List of relevant papers**

<b>Date of meeting</b>	<b>Meeting</b>	<b>Paper</b>
18/3/2014	Panel on Commerce and Industry	<p>Administration's paper on "New initiatives on promotion of innovation and technology"  <a href="#">(LC Paper No. CB(1)1072/13-14(07))</a></p> <p>Updated background brief on promotion of innovation and technology prepared by the Legislative Council Secretariat  <a href="#">(LC Paper No. CB(1)1072/13-14(08))</a></p> <p>Minutes of meeting  <a href="#">(LC Paper No. CB(1)1418/13-14)</a></p>
30/3/2015	Special meeting of the Finance Committee to examine the Estimates of Expenditure 2015-2016	<p>Administration's replies to Members' initial written questions  <a href="#">(Reply serial nos. CEDB(CT)096, CEDB(CT)123)</a></p>