

**Funding and Administrative Guidelines for  
the Research, Academic and Industry Sectors  
One-plus (RAISe+) Scheme**

## A. General

1. The Research, Academic and Industry Sectors One-plus (RAISe+) Scheme (“the Scheme”) under the Innovation and Technology Fund (ITF) provides funding support to the eight designated UGC-funded universities<sup>1</sup> with a view to helping their prospective research teams with good potential to transform, realise and commercialise the research and development (“R&D”) outcomes and become successful start-ups to complete their projects in two stages within around five years<sup>2</sup> –
  - (a) the first stage concerns the transformation and realisation of R&D outcomes within around three years<sup>3</sup>; and
  - (b) the second stage concerns the initiation of the commercialisation of R&D outcomes<sup>4</sup> within the remaining time frame of the project.
2. While the research team associated with the university will be responsible for carrying out the project, the university concerned shall be the Applicant. The Innovation and Technology Commission (ITC) administering the ITF intends to organise two application solicitation exercises every twelve months. While there is no limit on the total number of applications from a university under the Scheme, each university is welcome to submit a maximum of 15 applications for each application solicitation exercise. Where an application is successful, the university, as the Applicant, will enter into a project agreement with the Government and is required to comply with all the terms and conditions therein, including those on project progress and expenditure, submission of reports and audited accounts, etc.. The university shall assume all legal liabilities arising from, and be directly accountable and liable for all legal obligations relating to the project, and shall not take any action that is prejudicial to the Government’s interest.

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<sup>1</sup> The eight universities are City University of Hong Kong, Hong Kong Baptist University, Lingnan University, The Chinese University of Hong Kong, The Education 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> As the time required for the transformation of R&D outcomes into products or services for different technology areas may vary, or some projects may have a higher level of technology readiness, we will handle individual applications flexibly.

<sup>3</sup> It refers to the completion of applied R&D work and production of prototype (if required).

<sup>4</sup> It refers to the launch of products/services in the market.

3. The university shall enter into other agreements with the project team and the company formed by the project team. The agreements shall specify the rights and responsibilities of the parties and the financial arrangements.
4. To underline the importance of collaboration amongst the Government, industry, academic and research sectors, funding support from \$10 million up to \$100 million will be provided on a matching basis to each successful project application which is generally up to 60 months (or 36 months if the project comprises the second stage only)<sup>5</sup>. No application fee will be charged.
5. Research teams / companies spun-off from R&D centres/laboratories admitted to InnoHK research clusters are eligible for the Scheme. R&D and commercialisation activities, including transformation and realisation of R&D outcomes, which have not received or will not receive subsidy from InnoHK would be eligible for funding under the Scheme. The cardinal principle is to avoid double funding. The local university which set up the relevant R&D centre/laboratory (or the lead university in case the relevant R&D centre/laboratory is set up by more than one local university) shall be the Applicant and ensure that all necessary requirements set out in this Guidelines are met.
6. In the first stage, there should be contribution from both the industry and university, but capital investment and/or sponsorship or in-kind support are accepted. The in-kind support shall not exceed 50% of the total contribution from the industry and university. In the second stage, only capital investment and/or sponsorship from the industry are accepted, whereby university's contribution is welcome but will not be considered for matching purpose<sup>6</sup>.
7. As a general observation, it is noted that the higher the degree of industry contribution and the more certain / unconditional the industry contribution, the stronger the industry has demonstrated its interest in the project and hence the greater the potential for commercialisation. Therefore, a project with a higher level and more certain / unconditional industry contribution will be taken as a factor for consideration in the process of vetting.
8. For project commencing from the first stage, for the purposes of facilitating injection of capital investment and/or sponsorship and entering into agreement with the university concerned, the ITC strongly encourages the

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<sup>5</sup> The upper limit of funding amount to be provided under the first stage and the second stage of the Scheme is \$60 million each, with a ceiling of \$100 million for a project covering both stages.

<sup>6</sup> Capital injection by investment funds/companies in which the Applicant is a shareholder will be considered for matching purpose on a case-by-case basis having regard to factors such as the nature of the funds/ companies in question and the stake of the Applicant therein.

project team to set up a company before project commencement. If the project team joins the second stage of the Scheme direct, it is required to establish a company prior to project commencement. If the project team has already established a company in accordance with the Companies Ordinance, it should have been registered for not more than seven years as of the deadline of the relevant application exercise. In any case, the university concerned should be the Applicant of all applications under the Scheme, irrespective of the stage in which the project team joins.

9. The company formed by the project team is required to maintain under its name a separate risk-free interest-bearing bank account with a licensed bank registered under the Banking Ordinance (Cap. 155) solely and exclusively for the purpose of processing all receipts and payments of the project. There should be a “Project Bank Account” specifically for handling the Project Funds<sup>7</sup> and for processing all receipts and payments of each RAISE+ project throughout the project period. The Applicant (the university) has the discretion to decide whether the “Project Bank Account” is to be placed under the university or the company formed by the project team. Under either scenario, the university bears the responsibility to ensure that all Project Funds in the “Project Bank Account” are prudently used and follow the requirements under the Scheme. In any case, the Applicant (the university) should open a separate risk-free interest-bearing bank account with a licensed bank registered under the Banking Ordinance (Cap. 155) under its name and assign a unique code specifically for handling the funding for each RAISE+ project as the ITF funding will only be deposited into the university’s aforementioned risk-free interest-bearing account.
10. Unless otherwise specified in the project agreements, all interest income generated in the risk-free interest-bearing project bank accounts under para.9 above should be credited to the Project Bank Account and the funds in the Project Bank Account shall also be subject to the arrangements in Sections E.4, E.5 and F.6 where applicable.
11. In general, shareholders/directors/management team members/staff of any company making the industry’s contribution to the project shall not take any form of remuneration from the Project Funds. If any shareholders/directors/management team members/staff of the company or its related company within the same group of companies are appointed as the person-in-charge (“PIC”) or a project team member, the university of the approved application should provide declarations made by the above personnel in writing on all relevant remunerated positions, justifications for the appointment and course of action to be taken to mitigate conflict of

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<sup>7</sup> Project Funds in this Guidelines comprise the Government’s injection, the contribution from the university and the industry for matching purpose, and other income derived from the RAISE+ project during the project period. All such funding should be deposited into one single “Project Bank Account”.

interest to ITC for approval before their taking any form of remuneration from the Project Funds. ITC shall have the absolute discretion to determine whether such approval shall be given.

12. In the event that the project team or the company formed by the project team for the purpose of this Scheme, where applicable, wishes, during the project period, –
- (a) to sell the shares of the company formed by the project team for the purpose of this Scheme; or
  - (b) to sell the IP rights generated from the R&D outcomes on which ITF funding support is based; or
  - (c) to be the subject of any merger and acquisition deal;

the Funding Agreement shall require that the Applicant should seek prior approval from the ITC with details of the intended sale or proposed deal as appropriate as well as the reasons and full justifications for ITC's consideration. ITC will make its best endeavour to consider such approval requests as soon as practicable upon satisfactory provision of the required justifications, documentary proofs, etc. by the Applicant. In such cases, ITC reserves the right to take back part of or all of the Government's contribution for the approved project and the amount which may be taken back will be considered on a case-by-case basis.

13. The Applicant must duly complete and sign the Application Form. The Application Form should be submitted together with all necessary information and supporting documents. Applications must be submitted to the Scheme's Secretariat –
- (a) through the ITC's weblink (<https://www.itf.gov.hk/rpfas/>); and
  - (b) in one duly signed and stamped original hard copy.
14. Acknowledgment will be sent to the Applicant upon receipt of the application by the Scheme's Secretariat.
15. The ITC reserves the right to require Applicant to produce the originals of the supporting documents for verification and seek additional information where necessary. Unless on request of the Scheme's Secretariat, supplementary information provided after submission of application will **NOT** be accepted and will **NOT** form part of the application. Supplementary information which is not specifically referred to in the Application Form will NOT be considered and will NOT form part of the application.

16. To ensure the quality of applications, the university should review the project proposals received from its research teams before submitting applications pertaining to any of those project proposals to the ITC. The application submitted will first be subject to preliminary checking by the Scheme's Secretariat. Where necessary, individual application may be subject to peer review and business review. Applications will eventually be assessed by a Steering Committee comprising members from the government, academic, R&D and industry sectors. After assessment, the Steering Committee will recommend applications for approval by the Commissioner for Innovation and Technology ("CIT").
17. As the product ideas and business plans in the Application Form may contain commercially sensitive information, ITC will request all the assessors including the persons engaging in peer reviews, the consultants in business reviews and members of the Steering Committee to declare interests and adhere to the principle of confidentiality.
18. During the assessment process, the Steering Committee may have comments and suggestions on certain applications. In the event that an application of such is recommended for funding support by the Steering Committee, the Applicant may be required by the ITC in writing to provide clarifications or supplementary information and revise the application in response to the comments and suggestions of the Steering Committee. Applications which have been suitably revised to the satisfaction of the ITC will eventually be submitted to the CIT for approval.
19. If the Applicant fails to respond/submit the revised project proposal as appropriate within 3 months from the date of ITC's written notice, the proposal will be considered to be withdrawn with immediate effect.
20. The Applicant will be notified of the result of the application in writing. Withdrawal of an application should be made by the Applicant in writing to the Scheme's Secretariat before the project agreement is signed.
21. For unsuccessful applications, the Applicants will be informed of the reason(s) of rejection. A rejected application could not be resubmitted in the immediate next application exercise. A rejected application may be resubmitted only if necessary revisions have been made to address the reason(s) of rejection. The resubmitted application will be treated as a new application in future application solicitation exercises and be subject to the same assessment procedures.
22. As the Government will provide substantial funding for the Scheme and the expenditure of the projects are not limited to R&D expenses, industry contribution from local enterprises will not be eligible for the Research and Development Cash Rebate Scheme and the project will not be eligible for the Research Talent Hub.

23. If the company formed by the project team wishes to go for public listing in the longer run, Hong Kong should first be considered as the listing venue.

## **B. The Applicant and Other Parties**

1. The project team may have any mix of personnel essential for delivering the project, including but not limited to the following members of the university –

- (a) undergraduates, postgraduates or alumni; and/or
- (b) professor(s) or other faculty members.

ITC may request the Applicant to provide justifications and/or documentary proofs on the essential roles of such team members in the project to facilitate consideration of the application.

2. It is up to each university to determine whether it needs to set further eligibility requirements to suit its own circumstances (e.g. whether a cap should be set on the number of years that an alumnus has graduated from the university, etc.).

3. A PIC has to be appointed among the project team. The PIC should be associated with the respective university and engaged in the project or the start-up's business. The PIC is responsible for–

- (a) overseeing the operations of the project or the start-up; and
- (b) liaising with the university on matters relating to RAISe+ funding.

The PIC is required to hold a senior position in the team or the start-up and can be reached by the associated university during normal business hours.



## **C. The Project**

### **1. Payment Schedule**

- (a) If an application is approved, in order to enable the project to be kick-started, the ITC will disburse part of the approved funding as advance payment. The amount of advance payment will make reference to the projected cash flow requirement of the project submitted by the Applicant for the first reporting period<sup>8</sup> and be made upon due payment of the corresponding share of contribution from the university and the industry. Thereafter ITF funding under the first stage and the second stage will normally be disbursed on an annual basis, subject to the actual expenditure and projected cash-flow for the coming year, satisfactory project progress made in the previous reporting period against agreed milestones and due payment of the contribution from the university and the industry, including their capital investment and/or sponsorship as appropriate. As the funding is provided on a matching basis, if the actual amount of university and industry contribution is less than that committed in the application, the funding amount will be reduced accordingly and the Applicant has to return any disbursed fund in excess.
- (b) If the progress of a project is unsatisfactory or this Guidelines or the project agreement is breached, the ITC reserves the right to cease to fund or even terminate the project, and require the Applicant to return any disbursed fund.
- (c) If the “Project Bank Account” is the bank account of the company formed by the project team, the ITF funding kept by the university shall normally only be made available to the company formed by the project team in quarterly instalments on a pro rata basis and based on the approved cash-flow of the project.

### **2. Schedule of the Project Period**

There is no minimum time requirement for a project, but in general, the duration of each of the first and second stage should not exceed 36 months and the total project period should not exceed 60 months<sup>9</sup>. Any extension

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<sup>8</sup> Subject to the length of a project, a reporting period should be around 9 to 15 months.

<sup>9</sup> As the time required for the transformation of R&D outcomes into products or services for different technology areas may vary, or some projects may have a higher level of technology readiness, we will handle individual applications flexibly.

of the project period shall be subject to approval by the ITC and shall be granted only under exceptional circumstances, as determined by the ITC.

Before a project enters into the second stage, the respective university is required to conduct an initial assessment, supplement their business plans based on the latest technological development and market conditions, and confirm that the project team has accomplished the milestones and met the performance indicators. At the same time, the endorsement from the ITC is also required.

### 3. **Location of Project-related Work**

- (a) The majority of the project-related work (i.e. at least 50% of R&D work and at least 50% of other non-R&D work) under an approved project should be conducted (and relevant expenditure incurred) within the territory of Hong Kong. In case certain tasks need to be conducted outside Hong Kong, the Applicant must seek prior approval from the ITC with justifications. To avoid creating administrative burden to the Applicant, it is not necessary to seek ITC's prior approval whenever project-related work is to be conducted outside Hong Kong. The Applicant may set out such work expected in the Application Form with details and justifications and ITC's prior approval may be deemed to have been given if the information provided is considered satisfactory when the application for funding is approved. ITC will check the Applicant's actual compliance with this 50% "local content" requirement through the audited account reported by the independent auditor as set out in Section F.2 of this Guidelines.
- (b) If any task is conducted by the organisations other than the Applicant with the related expenses charged to the Project Funds, it will be considered as a procurement of services. The Applicant is required to follow the procurement procedures stated in Section F.7 of this Guidelines.

### 4. **Project Milestones**

The Applicant has to submit an application to the ITC using the designated Application Form. The application should comprise milestones of transforming and realising R&D outcomes, a business plan for carrying out commercialisation, budget, a detailed breakdown of the contribution from the university and industry, including relevant capital investment and/or sponsorship, and the in-kind support to be provided, the proposed performance indicators, etc..

The project will be monitored against the agreed project milestones, etc. The Applicant is required to submit regular progress reports and a final

report until project completion. The Applicant is also required to submit a post-project report one year after project completion. Such reports shall include, but are not limited to, the progress of the project as compared against the agreed project milestones, as well as the project's contribution to the local innovation and technology ecosystem (e.g. in terms of commercialisation (including licensing and product) income, number of IP generated/ patent filed, the level of R&D investment, number of employment opportunities created, the cultivation of local innovation and technology talents, etc.).

## **D. Assessments**

1. The universities may conduct assessment and selection before submitting applications to the ITC.
2. The universities should submit their applications to the ITC for preliminary assessment (which may include, where necessary, peer review and business review on the technical aspect and business viability of the application) and a final assessment by the Steering Committee. After assessment, the Steering Committee will recommend applications for the CIT's approval.
3. During the assessment process, the Steering Committee may have comments and suggestions on certain applications. In the event that an application of such is recommended for funding support by the Steering Committee, the Applicant may be required by the ITC in writing to provide clarifications or supplementary information and revise the application in response to the comments and suggestions received. Applications which have been suitably revised to the satisfaction of the ITC will eventually be submitted to the CIT for approval.
4. The applications will be assessed in accordance with the following criteria and weightings in the first stage and second stage respectively –

	Assessment Item	Applications for joining from the First Stage <sup>10</sup>	Application for joining the Second Stage direct <sup>11</sup>
(a)	Innovation and Technology Component	35%	20%
(b)	Commercial Viability of Project Outcomes	20%	35%
(c)	Technical and Management Capability of the Team	20%	20%

<sup>10</sup> Applicable to the Applicant who applies to join both the first and second stages.

<sup>11</sup> Applicable to the Applicant who applies to join the second stage direct.

	Assessment Item	Applications for joining from the First Stage <sup>10</sup>	Application for joining the Second Stage direct <sup>11</sup>
(d)	Relevance of the Project with Government Policies or in Overall Interest of the Community	10%	10%
(e)	Financial Considerations of the Project	15%	15%

The details of each assessment aspect as well as the detailed information each Applicant should provide are set out at **Annex A**.

## **E. Financial Arrangements**

### **1. Project Expenditure**

All Project Funds (including ITF grants, university /industry contribution, including capital investment and/or sponsorship, and other income derived from the project during the project period) must be used in a reasonable, proportionate and proper manner in the following areas and incurred within the project period. Any expenditure item or part thereof which is already funded or will be funded by the Government of the Hong Kong Special Administrative Region (HKSAR), a HKSAR Government subvented body/institution, the associated university or third parties will not be funded under RAISe+, i.e. no double payment is allowed for the same part of an expenditure item. Project Funds may be used for covering –

#### **(a) Manpower**

- (i) Project Funds can generally be used to cover the manpower cost for compliance with the legal requirements of the HKSAR and the places where the project-related work is conducted, such as the salary of project staff, including employer's mandatory contribution to the Mandatory Provident Fund (MPF), contract gratuities, annual salary adjustment (excluding increments and promotions) and general fringe benefits (e.g. medical) in accordance with the established mechanism of the universities, severance pay, etc.. The manpower costs relating to R&D functions, commercialisation of the R&D outcomes and business operation incurred exclusively for carrying out the project within the project period can be covered.
- (ii) Specifically, Project Funds cannot be used to cover allowances such as expenses on housing (including nominal rental for quarters), education, food, etc.
- (iii) The universities can make use of the Project Funds to ensure that the remuneration level of project team members can be maintained; or to employ additional staff to strengthen the general support for teaching activities of the universities so that staff participating in the Scheme could devote more time to focus on the transformation and commercialisation of R&D outcomes, or staff with business experience to assist in the commercialisation process, including market analysis, marketing and publicity activities.

- (iv) In general, shareholders/directors/management team members/staff of any company making the industry's contribution to the project shall not take any form of remuneration from the Project Funds. If any shareholders/directors/management team members/staff of the company or its related company within the same group of companies are appointed as the PIC or a project team member, the university of the approved application should provide declarations made by the above personnel in writing on all relevant remunerated positions, justifications for the appointment and course of action to be taken to mitigate conflict of interest to ITC for approval before their taking any form of remuneration from the Project Funds. ITC shall have the absolute discretion to determine whether such approval shall be given.

(b) Equipment

- (i) Cost of new equipment for implementing the project can be charged to the project account. In general, hire-purchase of equipment is not allowed. If the new equipment is to be shared among different projects with its cost charged on a pro-rata basis under each project, the Applicant is required to maintain a record on the usage of the equipment by the concerned projects for cost allocation purpose. Maintenance cost of the existing equipment can be charged against the project account on a pro-rata basis if a record on the usage of the equipment is properly maintained.
- (ii) The rental costs of essential equipment, general office and IT equipment owned by the industry and university can be charged to the project account.
- (iii) Subject to the ITC's prior approval and the following general principles, any piece of equipment for the project purchased using the Project Funds may be installed in the facilities of other parties located outside Hong Kong -
- the equipment remains under the ownership of the company formed by the project team (or the Applicant as appropriate if the company has yet to be set up) for at least two additional years after project completion or termination of the project agreement;
  - the equipment is installed in a university or a public research institute (not a private company); and

- the cost of the equipment concerned should not account for a dominant part of the equipment budget (in general, the total cost of all equipment to be installed outside Hong Kong should be less than 25% of the total equipment budget, as a substantial part of the project activities is required to be conducted in Hong Kong).
- (iv) The title to all equipment procured will vest with the company formed by the project team. Where the company has yet to be set up, the title will temporarily vest with the Applicant, which shall unconditionally transfer the ownership of equipment to the company within one month after the company has been set up.
- (v) The company formed by the project team (or the Applicant as appropriate) is required to keep all equipment costing no less than HK\$500,000 purchased for the project for at least two years after project completion or termination of the project agreement and should make such equipment available for the ITC's and the Director of Audit's inspection upon request. ITC reserves the right to require the project team (or the Applicant as appropriate) to transfer the equipment whose acquisition cost is HK\$500,000 or above to the Government or another party within a period of two years after completion.
- (c) Other Direct Costs
- (i) Project Funds can be used to cover -
- External consultancy and purchase of consumables and technology licences.
  - Costs for patent application for functional inventions directly relating to the project may also be included in the budget. The above notwithstanding, the maximum funding support for patent application charged to the project account is HK\$250,000, or 90% of the sum of the total direct costs of patent application (including the cost for patent search-cum-technical assessment), whichever is the lower.
  - The maximum funding support allowed for an annual/final audited account of a project should not be more than 1% of the funding support from ITF or HK\$40,000, whichever is the less.



- (ii) Subject to Section E.1(c)(iii) below, the services provided by the Applicant and the parties making the industry's contribution may be charged to the ITF. The relevant service fees should be included in the project proposal. The ITC will consider approving the charging of such services to the project account on the following basis -
- prior application is made to the ITC on grounds of operational efficiency, reliability and quality of services, etc.;
  - the services are not general or administrative support in nature, such as personnel, accounting, security, cleansing, library services, etc. as listed above. Each service item will be considered on a case-by-case basis; and
  - the charges should only be at cost.
- (iii) The service fees to be charged by the respective universities
- The fees to be charged by the respective university should not account for more than 10% of the total expenses of the project. The service fees charged by the university, irrespective of the project stage, should commensurate with its level of support provided.
  - If the actual total expenses of a project are eventually less than budgeted, the fees being charged by the respective university should be reduced correspondingly to ensure that they do not exceed 10% of the total expenses.
  - The breakdown of each service item and justification should be stated in the project proposal. In general, administrative processes for the RAISe+ Scheme handled by universities such as the handling of industry liaison and matching funds, provision of commercial, legal and accounting services, and the collection of reports could be included.
- (iv) Business operation expenses in both stages
- Expenses incurred for marketing and promotional purposes which are essential for realising the project

deliverables and commercialising the R&D outcomes<sup>12</sup>;

- Mass production activities, general business operations such as improvement on production/operational process (e.g. facility revamp, investment on equipment, automation facilities, information technology-related infrastructures or R&D facilities), or general business financing. The expenses on mass production activities should not exceed 50% of the total project expenses.

(d) Unallowable Cost

Project Funds cannot be used to cover –

- (i) rental expenses that are irrelevant to the operations of the funded start-ups;
- (ii) transport - shuttle bus services and home to workplace travelling expenses;
- (iii) any trip that is unnecessary or irrelevant to the operations of the project;
- (iv) staff-related costs - provident fund handling charges and staff facilities;
- (v) entertainment expenses, and any prizes, either in the form of cash or other types of souvenirs;
- (vi) costs related to prior/subsequent year(s)/period(s) adjustment(s); and
- (vii) capital financing expenses, e.g. mortgage and interest on loans/overdrafts.

The list of unallowable cost items for manpower, equipment and other direct costs set out above is not exhaustive. The Applicants

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<sup>12</sup> Expenses for organisation of trade missions and participation fees for study/trade missions for project teams/companies can be included in the budget as long as the travelling is fully justified, at reasonable cost (e.g. economy class fare only if applicable) and is of direct relevance to the project. These expenses are subject to a cap of no more than 5% of the total amount of funds requested from the ITF, or HK\$500,000, whichever is the less), and should be itemised and put under the category of "Other Direct Costs" in the budget of the application proposal for ITC's approval. Unless exceptionally justified, the number of participant per trip should be limited to no more than two person from the project team/company.

should consult the ITC if they have any doubt whether an item could be charged to a project account.

For all expenditure items (with the exception of those relating to equipment), it is not necessary to seek ITC's approval every time before the expenses are incurred. The Applicant may set out the expenditure items expected (e.g. travelling expenses for marketing and promotion and purposes) in the Application Form with details and justifications and ITC's prior approval may be deemed to have been given if the information provided is considered satisfactory when the application for funding is approved. ITC will check the Applicant's actual compliance with the relevant requirements through the audited account reported by the independent auditor as set out in Section F.2 of this Guidelines.

## 2. **University and Industry Contribution**

As outlined in Section A.6 of this Guidelines, both the university and the industry may provide in-kind (acceptable in the first stage only) or non-in-kind contribution as appropriate. Non-in-kind contribution from the university and the industry must be a non-repayable cash contribution or an investment with no redeemable requirement so that the contribution would not become a potential debt for the project. Convertible notes and equity investment with redemption clause are not acceptable.

- (a) The industry contribution, including capital investment and/or sponsorship, can be from –
  - (i) an individual including any project team members and/ or their family members or relatives<sup>13</sup>;
  - (ii) a company incorporated in Hong Kong under the Companies Ordinance (Cap. 622), including a company which is owned by the project team or any project team members or their family members or relatives;
  - (iii) a company incorporated outside Hong Kong, including a company which is owned by the project team or any project team members or family members or relatives; or
  - (iv) an industry support organisation, a trade and industry association or a professional body.

Capital investment from individuals, funds, companies and/or organisations outside Hong Kong will be accepted provided that

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<sup>13</sup> In general, family members and relatives of team members include their (a) grandparents; (b) parents; (c) siblings; (d) spouse; (e) children; (f) parents' siblings and their children; (g) siblings' spouses; and (h) spouse's (a), (b), (c), (f) and (g).

such investment will be paid into the Project Bank Account as defined in Section A.9.

- (b) For any capital investment and/or sponsorship to be qualified as “university or industry contribution”, the source of funding should be from the private sector instead of from the HKSARG-related sources to avoid double funding by the HKSAR Government. If the Applicant claims that the contribution provided by these entities is qualified for matching purpose, it should provide proof of binding commitment of such contribution to ascertain the eligibility.
- (c) For industry contribution, the amount coming from sources that are related to the project team or any of its members (including their family members or relatives) should be less than 50% of all non-government contribution. In other words, at least 50% of the industry contribution for each project should come from independent third parties other than the aforementioned parties in this sub-paragraph.
- (d) To avoid conflict of interests, the parties making the industry’s contribution should not be the equipment/service suppliers of the project, unless approved by ITC under Section E.1(c)(ii).
- (e) University and industry contribution can be in capital investment/ sponsorship/ or in-kind or a combination of these. In-kind contribution would only be accepted in the first stage, and it should not exceed 50% of the total contribution from the industry and university.
- (f) In-kind contribution should be in the form of manpower, equipment or consumables and would only be accepted if:
  - (i) the in-kind contribution is essential to the project and is contributed specifically for the project;
  - (ii) the funding source of in-kind contribution is not from the HKSAR Government (including UGC and RGC); and
  - (iii) documentary proof of the value of contribution has been provided to facilitate a fair assessment of the value of contribution, e.g. details of the valuation for new and used equipment and consumables. In general, the Applicant should provide two independent quotations for each item of in-kind contribution. Under special circumstances such as the contributor being the sole supplier of the item or the item is unique in terms of IP ownership or technology, in which case there are genuine difficulties in obtaining a second

independent quotation, other form of documentary evidence from the contributor may be accepted.

- (g) The cost of any equipment purchased with government funding (including ITF) shall not be deemed as an in-kind contribution. However, where the rental expenses of such equipment have been included as project expenditure as provided for under Section E.1.(b)(ii), any rental expenses being waived can be recognised as in-kind contribution.
- (h) Background intellectual property (IP) cannot be counted as in-kind contribution.

### 3. **Matching Fund Mechanism**

- (a) The First Stage
  - (i) The Government shall provide funding to the Applicant on a matching ratio of up to 2 (Government) : 1 (industry and university).
  - (ii) In-kind support, such as essential equipment, would be accepted as part of the contribution from the industry and university, provided that it is deemed eligible and approved by the ITC. The remaining portion of the contribution from the industry and university must be in a form of capital investment and/or sponsorship which is irretrievable during the project period. The Government shall provide corresponding matching funds in proportion to the total amount of in-kind support and capital investment and/or sponsorship from the industry and university.
  - (iii) The in-kind support shall not exceed 50% of the total contribution from the industry and university in the first stage.
- (b) The Second Stage
  - (i) The Government shall provide funding to the Applicant on a matching ratio of 1 (Government) : 1 (industry) based on the amount of capital investment and/or sponsorship contributed by the industry.
  - (ii) No matching funds shall be provided for in-kind support in the second stage.
  - (iii) The industry's contribution shall be in a form of a non-repayable cash contribution which is irretrievable during the project period or an investment with no redeemable

requirement so that the contribution would not become a potential debt for the project. Convertible notes and equity investment with redemption clause are not acceptable.

- (c) Funding Matching Process and Disbursement of Funding
  - (i) For the first application solicitation exercise (18 October 2023 to 30 November 2023), the recognised matching period for industry contribution starts from 9 June 2023. The recognised matching period for industry contribution of subsequent application solicitation exercises will be announced in the respective application solicitation document.
  - (ii) Disbursement of funding will be made by instalments in accordance with the payment schedule set out under Section C.1 of this Guidelines.

4. **When a project proceeds from the First Stage to the Second Stage**

Before a project proceeds from the first stage to the second stage, the Applicant is required to supplement their business plans based on the latest technological development and market conditions for endorsement by the ITC. The Applicant should inform the ITC well in advance by submitting a change request or an updated application electronically through the Innovation and Technology Commission Funding Administrative System (ITCFAS) (<https://itcfas.itf.gov.hk>), depending on the extent of the changes of the project contents as provided in the supplementary information.

Before proceeding to the second stage, the Applicant should also have an audited report of the project account of the first stage, whereby all unspent funding contributed by the Government shall be returned to the Government in accordance with the percentage specified in the project agreement.

Noting that there may be changing circumstances, evolving I&T development and new business strategies, etc., the funding need of a project may be different as the project proceeds. During project period, injection from the industry is welcome any time although it cannot be counted for matching purpose. However, when the project proceeds from the First Stage to the Second Stage, it may apply for additional Government funding for matching having regard to the additional injection from the industry at

that juncture. Such additional funding applications shall be subject to the approval by the ITC.

5. **Project Income and Residual Funds**

All ITF funding, contribution from university and industry for matching purpose, including capital investment and/or sponsorship and project income received during the project period should be credited to the project account. After completion (or termination, as the case may be) of the project, the Applicant shall return to the Government all unspent funding contributed by the Government in accordance with the percentage specified in the project agreement.

## **F. Other Requirements**

### **1. Books and Records**

Accounting on an accrual basis should be adopted. Unless otherwise approved by the ITC, expenditure could only be charged to the project account after the equipment and goods have been received or services delivered. University and industry contribution, including capital investment and/or sponsorship as well as all other income derived from the project during the project period, budgeted or not, should form part of the project income and should be used solely for the project until its completion or termination. All the income and expenditure of a project must be received/accrued and expended (paid)/accrued respectively in accordance with the basis of each expenditure item in the approved budget.

The Director of Audit may carry out value for money studies on any organisation in receipt of ITF grants. The ITC reserves the right to require the Applicant to return any misspent amount together with interest income accrued to the Government.

Applicant shall keep a proper and separate set of books and records for the project. The books and records shall be maintained in such a manner so as to enable the production of statement of income and expenditure and balance sheet in respect of each project. All transactions relating to the project shall be properly and timely recorded in its books and accounts.

The Applicant is required to maintain, during the continuance of the funding agreement and for a minimum of seven years after the completion of the project or the expiry or termination of the funding agreement, full and proper books of accounts and records of the project (including but not limited to receipts, counterfoils, vouchers, quotations and tendering documents and other supporting documents). In this connection, the Government and their authorised representatives, including the Director of Audit, shall be allowed access to all or any of the books and records for conducting audit, inspection, verification and copying from time to time upon reasonable notice of such books and records at any time when such books and records are kept.

### **2. Auditing Requirements**

The Applicant is required to submit annual and/or final audited accounts to assure the Government that the Project Funds are applied to the project in accordance with the approved budget and in compliance with the terms and conditions for ITF projects. The annual and/or final audited accounts should be reported by independent auditors who must be Certified Public



Accountants holding a practising certificate registered under the Professional Accountants Ordinance (Cap. 50) (the Auditors) and conducted in accordance with the latest version of the Notes for Auditors of Recipient Organisations (the Notes) issued by the ITC.

The Applicant should specify in the engagement letter for the employment of the Auditors that they should strictly follow the requirements and the specimen stipulated in the latest version of the Notes in conducting reasonable assurance engagements and preparing auditors' reports for annual and/or final accounts of the project. The engagement letter should also specify that CIT, the Director of Audit and his authorised representatives should have the right to communicate with the Auditors on matters concerning the annual and/or final audited accounts and the supporting statements.

The Applicant is required to make available to the Auditors all information, documents and explanations relating to the project.

### 3. **Change Requests**

An approved project is required to be carried out strictly in accordance with the final proposal appended to the project agreement. For any modification, amendment or addition to the project or the agreement, including change of the project commencement or completion date, person-in-charge or key equipment, scope, methodology, budget or cash flow projection, the Applicant should seek the ITC's prior approval. In general, requests for substantial changes would not be entertained.

Where the cumulative deviation of expenditure for a category does not exceed 30% of the original approved budget and does not result in any increase in the total approved project cost and the total amount of ITF grant requested, prior approval from the ITC is not required. However, any virement as a result and the underlying reasons should be reported by the Applicant in the relevant progress report(s) and/or final report. If the deviation exceeds 30% of the original approved budget, prior approval from the ITC is required and such request should be made electronically by the Applicant through the ITCFAS.

As a general rule, transfer of budgeted expenditure for patent application to other cost items is not allowed.

### 4. **Progress and Final Reports**

Upon project completion or termination of the project agreement, the Applicant is required to submit a final report **strictly** against the stated milestones for approval according to the reporting schedule as set out in

the project agreement or any subsequent revised submission schedule(s) as prescribed by the ITC.

All progress and final reports should be prepared in the standard format and submitted electronically through ITCFAS. Any non-compliance of reporting requirements (e.g. delay in submission of report(s), report quality not to the satisfaction of the ITC) may affect the Applicant's future applications for funding support from the ITC. If the Applicant has encountered difficulties and an extension of the report submission is required, they should seek prior agreement from the ITC. Upon the ITC's request, the Applicant is also required to provide timely clarification and/or supplementary information to substantiate the content of the report. The ITC may organise visits or progress review meetings to examine the progress of a project.

Upon receipt of the final report, the ITC will assess the effectiveness of the project by comparing the project results against its original objectives and targets as set out in the project proposal. Upon request, the Applicant is required to provide timely clarification and/or additional information to substantiate the content of the final report, or be invited to present the project results.

5. **Audited Accounts**

The Applicant is required to submit to the ITC annual and/or final audited accounts.

- (a) Annual audited accounts made up to 31 March each year should be submitted on or before 30 June of that particular year. The first annual audited accounts may cover more than 12 months but not more than 18 months. The last annual audited accounts can be waived if it covers not more than 18 months
- (b) Final audited accounts covering the period from project commencement date to project completion date or termination date of the project agreement should be submitted within three months from the approval date of the Final Report or termination date of the project agreement. (For details, please refer to the reporting and submission schedules as specified in the project agreement.)

If the Applicant has encountered difficulties and an extension of the audited accounts submission is required, he or she should seek prior agreement from the ITC. Upon the ITC's request, the Applicant is also required to provide timely clarification and/or supplementary information to substantiate the content of the audited accounts.

6. **Suspension or Termination**

The ITC may terminate a project or withhold the disbursement of ITF grants at any time for reasons which include, inter alia, overdue contribution, a lack of progress of the project against the agreed milestones, slim chance of completion of the project in accordance with the project proposal, the original objectives of the project being no longer relevant to the needs of the industry as a result of material change in the circumstances, the objectives and relevance of the project having been overtaken by events, or the ITC seeing fit to terminate the project in public interest.

The financial position reported in each annual and/or final audited account should tie in with the technical progress/results of that reporting period(s)/year(s).

In the event that project termination is initiated by the Applicant for whatever reasons (e.g. change in IP, the start-up company wishing to go for merger and acquisition deal or public listing, change in shares of the start-up company, discontinuation of the project team, winding up of the start-up company, etc.) at any time during the project period, the Applicant should notify the Scheme's Secretariat in writing in the first instance to explain the reasons of termination. The Applicant shall return to the Government all unspent funding contributed by the Government in accordance with the percentage specified in the project agreement.

7. **Procurement Procedures**

The Applicant should ensure that all procurements for goods and services are carried out in an open and fair manner and must comply with its established standard procurement procedures or the procurement procedures as specified in the agreement, which include but are not limited to the following –

<b>Aggregated value of each procurement</b>	<b>Requirement</b>
HK\$50,000 and below	Verbal quotations from at least two suppliers
Above HK\$50,000 to HK\$1,400,000	Written quotations from at least five suppliers
Above HK\$1,400,000	Open tender

In case the Applicant intends to directly procure goods or services from a company/an organisation/an individual not in accordance with its established standard procurement procedures or the procurement procedures as specified in the agreement, it shall submit to the Government details of the proposed contract and its relationship with the company/organisation/individual together with full justification for the Government's approval prior to entry into the proposed contract. Any exceptions will require the approval of ITC.

## 8. **The Intellectual Property (IP)**

While the ITC has not set any formulae for benefit-sharing, the project teams/inventors should be entitled to no less than 70%<sup>14</sup> of the IP benefits (for IPs generated by the project teams/inventors during the project period), and the remaining portion should be set on an equitable and proportional basis and having taken into account the following factors –

- (a) the contribution of project results to the final product/services launched;
- (b) market forecast, business practices (including pricing of products and services in individual industry sectors, etc.); and
- (c) the efforts made by parties concerned.

All parties concerned should, as far as possible, agree on the IP benefit sharing arrangements in writing before the commencement of the R&D project.

The ownership of the IP generated under the project shall be subject to the negotiation and agreement among the Applicant (the university), the project team and / or the company set up by the project team, the party(ies) making the industry contribution and other stakeholders, if any. For the First Stage, normally the IP is owned by universities. For the Second Stage, universities are encouraged to transfer the IP ownership to the company of the project team.

## 9. **Publicity and Acknowledgement**

Acknowledgement of ITF funding should appear on all equipment, facilities, publications, publicity and media events related to a RAISe+ Scheme funded projects.

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<sup>14</sup> Applicable to cases where the university is the IP owner. If the IP is owned by more than one party, this refers to the sharing of benefit between the university and the university team/inventor.

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.”

10. **Handling of Information**

Subject to the provisions below, information provided by the Applicants in their applications and reports will be kept by the 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 Applicants, whenever it considers appropriate, Discloseable Information<sup>15</sup> to other Government bureaux/departments, statutory bodies or relevant third parties for the purposes as prescribed in the Application Form/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 Applicants irrevocably and unconditionally authorise the Government to make and consent to the Government making any of the aforesaid disclosure.

By submitting the application/report, the Applicants 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.

11. **Prevention of Bribery**

The Applicant shall observe the Prevention of Bribery Ordinance (Cap. 201) (“PBO”) and shall not, and shall procure that its project team, directors, employees, agents, consultants, contractors and other personnel who are in any way involved in the project, shall not, offer to or solicit or accept from any person any advantages, including money, gifts, loans, etc. (as defined

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<sup>15</sup> “Discloseable Information” means any information provided by the Applicant and the project team/ the company formed by the project team to the Government in their applications and reports including without limitation, information in connection with, their applications under the RAISe+, the names and addresses of and other information on the Applicant and the project team/ the company formed by the project team to the Government, 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 RAISe+ funding, and any other information provided by the Applicant and the project team/ the company formed by the project team to the Government, and information on the applicant’s service provider(s) and supplier(s).

in the PBO) in the conduct of or in relation to the project. If the Applicant, its project team, directors, employees, agents, consultants, contractors and other personnel who are in any way involved in the project commit an offence under the PBO in relation to a RAISE+ project, the ITC shall be entitled to terminate the project, cancel the funding approved, stop the disbursement of funds, recover the funds dispersed as a debt due from the Applicant, and shall hold the Applicant liable for any loss or damages the Government may have suffered. Where project-related work is conducted outside Hong Kong, the Applicant as well as all personnel involved in the project should comply with the laws and regulations in the relevant jurisdictions, including anti-corruption legislation.

12. **Important Note**

The Applicant and the company formed by the project team shall conform in all respects with all legislation (including the Law of the People's Republic of China on Safeguarding National Security in the Hong Kong Special Administrative Region). The Government may at any time revoke the approved application with immediate effect on occurrence of any of the following events:

- the Applicant and/or the company formed by the project team has engaged or is engaging in acts or activities that are likely to constitute or cause the occurrence of offences endangering national security or which would otherwise be contrary to the interest of national security;
- the continued engagement of the Applicant and/or the company formed by the project team, or the continued performance of the funding agreement is contrary to the interest of national security;
- the Government reasonably believes that any of the events mentioned above is about to occur.

13. **Enquiries**

Please contact our subject officers if you have any enquiries about this Guidelines –

Telephone Number: 3655 5678  
Email Address: raiseplus@itc.gov.hk  
Address: Innovation and Technology Commission  
33/F, Shui On Centre  
6 – 8 Harbour Road  
Wan Chai, Hong Kong

Innovation and Technology Commission  
October 2023

**Annex A**

All Applicants shall provide the following details pertaining to the respective aspects of assessment –

Item	Content
(a) Innovation and technology (I&T) component	<ul style="list-style-type: none"><li>• <b>Objectives</b><ul style="list-style-type: none"><li>(i) to set out the key issue(s) or existing problem(s) to be solved in the research and development (R&amp;D) area(s) of the original core technologies/ deep technology being selected;</li><li>(ii) to briefly describe the product(s)/service(s)/ process(es)/system(s) to be released to the market for solving the problem(s);</li><li>(iii) to provide details of the new/novel elements – what is new/novel in the original basic R&amp;D project, in terms of ideas, concepts, knowledge, technologies, methods and/or applications;</li><li>(iv) to explain the relevant scientific/engineering principle(s) and how the I&amp;T developed or applied operates; and</li><li>(v) to provide information on the arrangement of Intellectual Property (IP) Rights.</li></ul></li><li>• <b>Scope of R&amp;D Work</b><ul style="list-style-type: none"><li>(i) shall articulate how the R&amp;D work would be systematically conducted and the specific research areas for generating new knowledge to develop the I&amp;T;</li><li>(ii) shall describe the specific core R&amp;D activities, technology development processes and/or methods that will convert the original basic R&amp;D outcomes into innovative and marketable solutions. Explanations on how they operate and their operating principles should also be provided;</li></ul></li></ul>

Item	Content
	<p>(iii) shall provide more information if the R&amp;D activities involve data collection from other parties, such as the principal approaches/ methodologies in collecting data; and how data privacy and integrity will be addressed; and</p> <p>(iv) shall clarify if there is any regulatory requirement for conducting a user/clinical trial if it is proposed as part of the R&amp;D plan.</p> <ul style="list-style-type: none"> <li>• <b>Project Deliverables</b> <p>(i) shall demonstrate the project possesses excellent original breakthrough basic R&amp;D outcomes and has potential to become a successful I&amp;T start-up; and</p> <p>(ii) shall describe the expected targets and outcomes in the first and second stages of the project, and how the progress towards achieving them will be tracked and evaluated in concrete and measurable terms.</p> </li> <li>• <b>Technical Challenges/Risks</b> <p>(i) shall articulate the risks and challenges in accomplishing the project objectives and milestones. Proposed measures on how these risks and challenges can be tackled should be included.</p> </li> </ul>
(b) Commercial viability of project outcomes	<ul style="list-style-type: none"> <li>• <b>Target Customers/Market/Geographical Regions</b> <p>(i) to provide details on the targeted customers/ market/geographical regions that the proposed project deliverables to be commercialised aim to reach out to.</p> </li> <li>• <b>Commercial/Market Risks</b> <p>(i) shall articulate the commercial/market risks that will be encountered in launching the proposed product(s)/service(s)/process(es)/system(s). A description of how these risks will affect successful commercialisation and what measures will be put in place to manage the risks should be included; and</p> </li> </ul>



Item	Content
	<p>(ii) shall specify if there is any regulatory requirement/potential liability/risk(s) over the use of the proposed product(s)/service(s)/process(es)/system(s) and how they will they be addressed.</p> <ul style="list-style-type: none"> <li>• <b>Competitive Analysis</b> <p>(i) to provide an analysis of the project deliverables against similar products/services already available in the market, e.g. locations for marketing, competitive edges in terms of performance and price, and estimated market share (percentage), etc.</p> </li> <li>• <b>Business Model</b> <p>(i) shall describe how the target customers/markets could be reached and the details on how the project deliverables could help generate income (e.g. pricing mechanisms, licensing, subscription, etc.) from each customer segment; and</p> <p>(ii) shall articulate the value propositions (e.g. how to add more value or better solve a problem), relationships with target customers, key resources/sources of funding, key business model, key partnerships and cost structure of the project.</p> </li> <li>• <b>Commercialisation Plan</b> <p>Applicant teams should formulate a detailed business plan that includes the following information –</p> <p>(i) potential revenue stream (e.g. royalty/income from licensing, subscription, direct sales, commission, etc.);</p> <p>(ii) ways to reach out to target customers (e.g. direct marketing, distribution channels, partnerships, loyalty programmes, etc.);</p> <p>(iii) ways to manage and engage the supply chain (e.g. raw material suppliers, manufacturing, testing, payment, shipping and delivery, etc.); and</p> <p>(iv) cost structure of product(s)/service(s)/process(es)/system(s) and the pricing strategy.</p> </li> </ul>

Item	Content
(c) Technical and management capability of the team	<ul style="list-style-type: none"> <li>• The technical and management ability of the person-in-charge and his/her team to deliver the proposed project fully.</li> <li>• Whether the overall size of the team, the composition of the team at various levels, role of key project members and/or involving parties in implementing the project, etc. are appropriate.</li> </ul>
(d) Relevance of the project with government policies or how far it is in overall interest of the community	<ul style="list-style-type: none"> <li>• How the project would facilitate the development of the relevant industrial sector.</li> <li>• Whether the project would create long term and high value-added technology employment in Hong Kong. Whether the project can provide training opportunities for our local university graduates in the fields of science, technology, engineering and mathematics.</li> <li>• Whether the IP benefit sharing arrangements would provide greater incentive for university teams to commercialise R&amp;D outcomes with transformation potential.</li> <li>• Whether the project brings social benefits to the society and any corporate social responsibility initiatives will be carried out.</li> <li>• How the project will bring long-term benefits to the local innovation and technology ecosystem in Hong Kong (e.g. in terms of commercialisation (including licensing and product) income, number of IP generated/ patent filed, the level of R&amp;D investment, number of employment opportunities created, the cultivation of local innovation and technology talents, etc.), including whether the innovation and technology component of the project will continue to stay in Hong Kong and the majority of the operation of the company will be retained in Hong Kong after the project period.</li> </ul>
(e) Financial considerations of the project	<ul style="list-style-type: none"> <li>• Shall estimate the position of fundraising in the first and second stages of the project.</li> <li>• Shall provide sufficient justification and a breakdown of the estimated project expenditure to be incurred</li> </ul>

	<p>during the project period (the reasonableness and financial viability of the estimated expenditure).</p> <ul style="list-style-type: none"><li>• Shall specify the level of university and industry contribution, including sponsorship and/or investment/ how far the contribution, including sponsorship and/or investment from the university and industry has been made.</li></ul>
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