



THE CHINESE UNIVERSITY OF HONG KONG

Sustainable Knowledge Transfer Project Fund (S-KPF)

GUIDELINES

(August 2024)

1. Introduction

- 1.1. S-KPF is a structured programme with seed funding and incubation service for The Chinese University of Hong Kong (“CUHK”) academics to launch evidence-based social enterprises, which are ultimately supported by self-generated income, external investors and other funding sources to continue create social impact.
- 1.2. S-KPF (“Fund”) is administered by the Office of Research and Knowledge Transfer Services (“ORKTS”), and is overseen by the S-KPF Steering Committee (“Committee”) which consists of members with experience in social enterprises. For each awarded team, ORKTS will hire a part-time social business consultant (“Consultant”) to consult on its business development and connect with external investors and funding sources. The Consultant will assess and report the business progress to the Committee and ORKTS.
- 1.3. Each awarded team is required to register a company (“Company”) under the Cap. 622 Companies Ordinance of Hong Kong (<https://www.elegislation.gov.hk/>) and open a business bank account. Company registration and business bank account are necessary for receiving the upfront payment from CUHK and for recording all business transactions. Companies registered for more than 6 months before the call for proposals each year are not eligible to apply for the Fund.

2. Business Categories

Each application should be classified into (but not limited to) one of the following categories:

- (1) **Culture & Heritage** – promote and preserve local culture and heritage
- (2) **Good Health & Well-being*** – ensure healthy lives and promote well-being for all
- (3) **No Poverty*** – reduce poverty in all its forms everywhere
- (4) **Quality Education*** – innovate means for education and learning
- (5) **Reduced Inequality*** – reduce inequality irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status
- (6) **Sustainable Cities & Communities*** – make our city and human settlements inclusive, safe, resilient and sustainable

**Sustainable Development Goals set by the United Nations*

3. Funding Details

3.1. Funding Amount

- 3.1.1. Each Company will receive HK\$600,000 for 2 years with the amount capped at HK\$400,000 for the first year. Funding amount may vary depending on total funding available. The Fund will be distributed in advanced payment in two instalments within each funding year according to the approved budget.

The funding amount in the first instalments of each funding year should be capped at 60% of the approved annual budget, unless otherwise approved by the Committee.

Consultant will make recommendation to the Committee by the end of first year to determine if the Company has made reasonable progress for continuing support in the second year. A written report is required for the Company to update the Committee about the progress it made.

- 3.1.2. Unspent balance in the first year can be carried forward to the second year with recommendation from both the Consultant and ORKTS, provided that the total funding amount does not exceed HK\$600,000 for the two-year period. Any unspent amount by the end of funding period shall be returned to CUHK.

3.2. Funding Scope

3.2.1. The Fund can be used in the following areas:

- Essential items for setting up and operating a company (e.g. furniture and equipment, legal and accounting services, rental of necessary and suitable premises, etc.);
- Human resources (please see section 3.5 and 3.7 for salary restrictions);
- Capital expenses for product development;
- Promotion and marketing expenses;
- Other relevant expenses.

3.2.2. The following items are **NOT** eligible:

- Rental expenses that are irrelevant to the operation of the Company;
- Recoverable rental deposit or bank deposit;
- Association or membership subscription;
- Investment of any kind (e.g. securities, foreign currencies) except for credit interest of savings/current account in the bank of the Company;
- Repayment of any loan;
- Any trips and entertainment that are unnecessary or irrelevant to the operation of the Company;
- An item funded by a different funding source (i.e. no double payment)
- Purchase of a single capital item that exceeds HK\$100,000. Purchase of a capital item that exceeds HK\$50,000 must seek approval from ORKTS;
- Any events or activities inconsistent with the laws or regulations of Hong Kong or other applicable jurisdictions.

3.3. For procurement, the Company is recommended to follow the [Best Practices guidance](#) issued by Independent Commission Against Corruption (“ICAC”).

3.4. Activities of a funded Company should primarily be conducted within the territory of Hong Kong, except for procurement of materials, equipment, or services that may be sourced and provided by companies in mainland China. Up to 50% of the awarded funding can be incurred with companies in mainland China.

- 3.5. During the funding period and subject to the approval of the reporting Department/Unit, a full-time non-teaching staff member may be engaged by the Company for no more than 8 hours per week during the University's usual operating hours. A Project Leader who desires to hire a serving research assistant, postdoc, or any full-time non-teaching CUHK employee to work for the Company can arrange to use the awarded funding to reimburse CUHK the corresponding staffing cost to the "appointment funding source" of the staff member concerned. 15% overhead will be levied on full-time non-teaching staffing cost in order to meet the indirect costs associated with administration, increased use of facilities, maintenance of premises, utility charges, increased depreciation of furniture and equipment etc.
- 3.6. Accordingly, the corresponding reimbursement to CUHK will not exceed the corresponding percentage of the staffing cost currently allocated by the appointment funding source. Under this arrangement, the full-time non-teaching member will not receive any extra income from the Company during office hours. At the end of funding period, the CUHK full-time non-teaching staff member shall cease to support the Company during the University's usual operating hours.
- 3.7. As in most start-ups, members of the Company are often financially rewarded by the value of company shares. The Company may offer shares to the CUHK employee as long as the shares are not converted to cash during the funding period. The Fund cannot be used to provide extra income to those members who are current CUHK employees during the funding period.
- 3.8. A Project Leader can hire employees who are not CUHK employees. These members of the Company can receive a salary paid and administered by the Company. They may be paid only salary, or only company shares, or a combination of both. For those who own company shares, the Fund does not impose restrictions on the selling and transferring of shares during the S-KPF period. There is a salary cap for those non-CUHK members who already are granted shares or stock options of the Company:
- Monthly salary for non-CUHK members with a bachelor degree: up to HK\$12,000
 - Monthly salary for non-CUHK members with a postgraduate degree: up to HK\$17,000
- 3.9. The salary caps do not apply to non-CUHK members who do not receive shares or stock options of the Company as a part of compensation.

4. Eligibility

- 4.1. The Project Leader must be a full-time staff member on professoriate or research academic ranks of CUHK. Other teaching staff will be considered on a case-by-case basis. During the funding period, the Project Leader remains in full-time employment at the University and cannot work full-time for the company. The Project Leader is the person in charge of the Company's major business decisions and has the legal authority to sign on behalf of the Company. The Project Leader is the sole budget holder of the funding. If the Project Leader resigned from the Company during the funding period, the replacement must also be another full-time staff member on professoriate or research academic ranks of CUHK.

- 4.2. Visiting professors or full-time research staff members who are not on research academic ranks (e.g., Research Associate, Research Assistant, and Post-doc Fellow) can serve only as Team Members. Non-CUHK members can participate as Team Members.
- 4.3. For company limited by shares, at least 50% of all company shares must be held by active members of CUHK during the funding period (e.g., faculty members, postdocs, research assistants, and students). Recent alumni who graduated within 12 months before the funding commencement are considered as active members of CUHK. ORKTS recommends that the majority of shares should be held by the Project Leader during the funding period.
- 4.4. CUHK staff members should identify as a staff member, regardless of any other capacities, e.g. alumnus/alumna or student.

5. Outside Practice (“OP”) and Outside Business Activity (“OBA”)

- 5.1. All CUHK full-time staff members who participate in the operation of the Company will engage in Outside Practice (“OP”) and Outside Business Activity (“OBA”). They should therefore acquaint themselves with relevant University regulations on OP (Staff Handbook Chapter B7) and OBA (Staff Handbook Chapter B17), particularly with respect to apparent/potential conflict of interests and commitment situations, and consult the Human Resources Office where necessary. Applicants should understand that the work for the Company is **not** part of their University duties per se.

Whilst pursuing both a full-time employment at the University and a business initiative under company registration, awarded applicants will have ongoing dual/multiple roles to play. To avoid being challenged for conflicting roles, Project Leaders and CUHK Team Members should avoid such situations and/or make proper declaration therein. For instance, a way to manage this in the daily operation is to segregate the time and the place of work for the Company from the University duties.

- 5.2. At the application stage, Project Leaders and Team Members who are CUHK full-time staff members have to set out their roles and nature of involvement in the Company, and their estimated time involvement in the Company. This will facilitate consideration and endorsement by the Department Chairpersons/Faculty Deans. As part of the terms of approval, an awarded applicant will be required to review and re-affirm the nature and extent of his or her commitment in the initiative in an S-KPF-OBA Document (Staff Undertaking to Conduct outside Business Activity under S-KPF) and undertake the business as per the terms of approval, including inter alia, reporting changes/actual operation in an adjustment/annual report, and filing an end-of-term report in due course.

Remarks: Applicants who are interested should discuss the initiatives with the respective Department Chairpersons/Faculty Deans as soon as possible to ensure that the engagement is in alignment with the strategic development and manpower plan of the Department/Faculty.

- 5.3. Subject to the endorsement of the Department Chairperson and the Faculty Dean/Supervising Officer and under the enhanced provisions of the Regulations governing OP and OBA effective from 1 July 2021, teaching appointees may submit a fresh application via the University’s ‘Form for Reporting Outside Business Activity

(OBA)' to take OP time release to continue their professional engagement in the Company after the end of the funding period. The time involved in an OBA that fosters knowledge transfer and commercialization of the University's research and innovation during the University's usual operating hours ("UOH") will be recorded in the Integrated OP Administration System ("IOPAS").

6. Vetting Process

6.1. Vetting Criteria

- Social impact of the proposed business – 30%
- Track record and expertise of the Project Leader and team members – 20%
- Relevance to underpinning research and innovativeness – 20%
- Viability and business readiness (i.e. business model, product-market fit) – 20%
- Potential to attract investment (for company limited by shares) or funding from private foundation or government (for company limited by guarantee) – 10%

6.2. All applications will be reviewed by the Committee for initial screening. Shortlisted applicants will be invited for an interview to give a short presentation to a vetting panel.

6.3. All applicants will receive a result announcement email from ORKTS. Successful applicants are required to confirm whether they accept the Fund.

7. Rules and Conditions for Awarded Companies

7.1. The awarded Company is required to enter into an Award Agreement with CUHK.

7.2. The company registration documents should be ready within 6 months after the funding commencement. No upfront payment will be paid to the Company after the registration deadline.

7.3. The Company will be continually monitored and assessed by the Consultant and ORKTS. The Company is required to complete and submit the following documents to ORKTS:

- Two instalment requests and expenditure reports per funding year
- S-KPF-OBA Documents
- Bi-annual and annual reports on business progress
- A scanned copy of Auditor's reports and audited accounts of expenditures. Companies should handle the keeping of books and records, etc. to facilitate auditors to conduct a reasonable assurance after the funding period.

7.4. Any significant modification to the business proposal of the project and Company (including but not limited to changes in budget, key team members of the project team, deliverables, business scope, or the amount of S-KPF funding, etc.) will require prior approval from the Committee or its designate.

7.5. CUHK reserves the right to own a certain percentage of shares in an awarded company. Such arrangement will be made on a case-by-case basis.

8. Intellectual Property

- 8.1. An awarded Company is encouraged to adopt existing CUHK IP. The Company should contact ORKTS to obtain a proper license before using the CUHK IP to develop a product. If the Company will adopt non-CUHK IP, the Company should obtain proper licenses from the relevant outside parties before using such IP.
- 8.2. CUHK does not automatically claim ownership rights on new IP that is conceived and developed independently by students and alumni during the operation of the Company. However, if new IP is conceived by a CUHK professor or researcher and the new IP is related to his or her employment with CUHK, the IP belongs to CUHK.
- 8.3. For CUHK postgraduate students who have been granted graduate assistantships or research assistantships and may have signed a patent/copyright release at the time of appointment, the IP of their invention during the course of the operation of the Company may belong to CUHK.
- 8.4. New IP jointly conceived and invented by the Company with a CUHK employee in the Company shall belong jointly by the Company and CUHK. Such jointly invented new IP must be reported to ORKTS as soon as the IP is conceived.
- 8.5. Other IP issues can be found in the CUHK's "Policy on Research" and "Policy on Intellectual Property" ("CUHK IP Policy").

9. Publicity and Acknowledgement

- 9.1. Acknowledgement of funding received from CUHK should appear on publications, publicity, and media events of the project team and Company.
- 9.2. The following disclaimer should be included in any publications and media events related to an S-KPF Company –

"Any opinions, findings, conclusions or recommendations expressed in this material or publication (or by members of this company) do not reflect the views of The Chinese University of Hong Kong."

10. Application Procedures

- 10.1. Applications should be made via the online application portal (<https://orkts-cuhk.grantplatform.com/>), on or before the application deadline. Incomplete or late applications will NOT be accepted.
- 10.2. Project Leader should seek endorsement from the respective Department Chairperson (or School/Institute Director) and Faculty Dean* and submit an electronic copy to orkts.si@cuhk.edu.hk. A hard copy signed by the relevant parties should then be delivered to the Social Innovation Team at InnoPort.

*or the Pro-Vice-Chancellor (Research) for non-Faculty based Research institutes and Centers.

For inquiries, please contact Social Innovation Team members of ORKTS:

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