

# LCQ11: The wholesale and retail sectors moving towards a new business model

Following is a question by the Hon Shiu Ka-fai and a written reply by the Secretary for Innovation and Technology, Mr Alfred Sit, in the Legislative Council today (November 18):

Question:

There are comments that under the impact of the Coronavirus Disease 2019 epidemic, purchasing goods and services online has become increasingly common, and remote working or service provision has developed into a new trend. Quite a number of wholesalers and retailers have expedited the adoption of an integrated online-to-offline (O2O) model of doing business. In this connection, will the Government inform this Council:

(1) of the number of applications received from wholesale and retail business operators under the Distance Business Programme, which was launched under the Anti-epidemic Fund, by the time when applications closed on October 31, and among such applications, the number of those approved; a breakdown by the type of information technology solutions involved; the (i) total, (ii) average, (iii) largest and (iv) smallest amounts of funding granted in respect of the approved applications;

(2) of the annual numbers of applications received from wholesale and retail business operators under the Technology Voucher Programme (TVP) since its launch in November 2016, and among such applications, the number of those approved and the total amount of funding involved;

(3) given that the Government successively launched three rounds of enhancement measures for TVP between February 2018 and April this year, whether it has plans to launch enhancement measures again in the coming year; if so, of the details; if not, whether it will conduct a review expeditiously; and

(4) whether, in light of the wholesale and retail sectors moving towards the integrated O2O business model, it has plans to step up the relevant support for the sectors; if so, of the details; if not, the reasons for that?

Reply:

President,

Under the impact of the epidemic, remote work or service mode has become a new trend, leading to the application of technologies in digitising business processes by different industries, including the wholesale and

retail sectors. Through various regular initiatives as well as measures introduced during the epidemic, the Government provides support for the application of technologies in different sectors and industries.

Having consulted the Commerce and Economic Development Bureau, our reply to the various parts of the question is as follows:

(1) The Innovation and Technology Commission (ITC) launched the Distance Business Programme (the Programme) under the Anti-epidemic Fund to support enterprises to continue their businesses and provide services during the epidemic through the adoption of information technology (IT) solutions. The Programme was open for funding application from May 18 to October 31, 2020. A total of 38 572 applications including 7 709 applications from the retail sector have been received. The Secretariat (namely the Hong Kong Productivity Council) does not have statistics of the funding applications from the wholesale sector.

Regarding the 7 709 applications from the retail sector, as at November 17, a total of 4 137 have been processed, of which 3 745 were approved with a total funding of around \$234 million. The average approved funding amount was around \$62,500. The highest and lowest approved funding amounts were \$202,800 and \$1,164 respectively.

Under the Programme, each enterprise can submit no more than two applications, and include in each application three IT solutions with no duplications in the IT solution categories. The IT solution categories involved in the applications from the retail sector are tabulated as follows:

IT solution categories involved	Applications from the retail sector	
	Number received	Number approved (as at November 17)
1. Online business	5 365	2 893
2. Online order taking and delivery, and smart self-service systems	1 138	404
3. Online customer services and engagement	2 952	1 500
4. Digital customer experience enhancement	2 074	801
5. Digital payment / mobile point of sale	1 711	654
6. Online / cloud-based financial management systems	831	431
7. Online / cloud-based human resources management systems	486	194

8. Remote document management, cloud storage and remote access services	801	501
9. Virtual meeting and conference tools	373	206
10. Virtual team management and communications	258	139
11. Cybersecurity solutions	397	171
12. Other online / custom-built / cloud-based business support systems	1 503	675

(2) and (3) From November 2016 up to October 31, 2020, 7 554 applications (excluding those which were subsequently withdrawn by the applicants or were unable to be processed due to ineligibility or incomplete documents) were received under the Technology Voucher Programme (TVP), including 1 969 applications from the wholesale and retail industry. As at October 31 this year, the TVP Committee has considered 848 applications, 793 of which have been approved. Relevant number of applications and funding amount are tabulated as follows:

Year	Number of applications received	Number of applications approved*	Funding amount (\$ Million)
2016 (from the launch of the TVP on November 21)	1	1	0.03
2017	124	118	15.0
2018	179	172	25.5
2019	445	402	66.2
2020 (as at October 31)	1 220	100	14.9
Total	1 969	793	121.6

\* The figures denote the number of applications received in the year and subsequently approved.

Since the launch of the TVP in November 2016, the ITC has been closely monitoring the implementation of the TVP, and has introduced enhancement measures several times. Following the enhancements from February 2018 to April 2020 (including relaxing the eligibility criteria of applicants, regularising the TVP, raising the cumulative funding ceiling, maximum number of approved projects and the Government funding ratio, and introducing the

arrangement for disbursing partial funding in advance for approved projects), the ITC has relaxed, from June 1, 2020, the requirement for TVP projects to obtain approval before commencement. Applicants can start their projects the next day after the submission of the application so as to facilitate early adoption of technological services and solutions. With effect from August 14, 2020, the restriction pertaining to related entities under the TVP has also been relaxed. Related entities, i.e. enterprises/ organisations having the same individual(s) holding 30 per cent or more ownership in each of the enterprises/ organisations, are no longer treated as one single entity for the purpose of calculating the cumulative funding amount of each individual entity under the TVP.

The ITC will continue to closely monitor the implementation of the TVP and introduce further enhancement measures as appropriate.

(4) The Government has always been encouraging all industries and sectors to make more use of technologies. In addition to continuing to support local enterprises and organisations (including the wholesale and retail sectors) in using technological services and solutions through the above-mentioned TVP, the Government will also continue to assist the wholesale and retail sectors in improving productivity, upgrading and transforming through various funding schemes. For example, the Trade and Industrial Organisation Support Fund under the Trade and Industry Department provides financial support to non-profit-distributing organisations to implement projects which aim at enhancing the competitiveness of Hong Kong enterprises in general or in specific sectors.