

**Business Facilitation Advisory Committee
Task Force on Business Liaison Groups**

Technology Voucher Programme

Purpose

This paper briefs members on the Technology Voucher Programme (“TVP”) administered by the Innovation and Technology Commission (“ITC”).

Background

2. To enhance the competitiveness of the local small and medium enterprises (“SMEs”)¹, the ITC launched the TVP in November 2016 to subsidise local SMEs having substantive business operation in Hong Kong for at least one year to use technological services and solutions to improve productivity, or upgrade or transform their business processes. The TVP was first implemented on a pilot basis for an initial period of three years under the Innovation and Technology Fund (“ITF”). The eligibility was subsequently relaxed in February 2018 to include all non-listed enterprises regardless of their size and duration of operation.

3. The ITC conducted a comprehensive review on the effectiveness and *modus operandi* of the TVP in late 2018, taking into account views received from the trade. As a result of the review, the ITC implemented a series of enhancement measures from 27 February 2019 as announced in the 2019-20 Budget Speech, including converting the TVP into a regular funding programme under the ITF, doubling the funding ceiling per applicant from \$200,000 to \$400,000, and further expanding the eligibility criteria of applicants to encourage the wider adoption of technology by local entities to improve their efficiency and services.

¹ According to the Government’s definition, SMEs refer to manufacturing businesses employing fewer than 100 persons in Hong Kong; or non-manufacturing businesses employing fewer than 50 persons in Hong Kong.

Programme Highlights

4. To be eligible for the TVP, entities (except listed enterprises) should –
 - (a) be registered in Hong Kong under the Business Registration Ordinance (Cap. 310), or incorporated and registered in Hong Kong under the Companies Ordinance (Cap. 622), or established in Hong Kong by relevant ordinances as statutory bodies;
 - (b) not be a government subvented organisation² or subsidiary of any government subvented organisation²; and
 - (c) have substantive business operation in Hong Kong which is related to the project under application at the time of application.

5. Each applicant may receive a cumulative funding up to \$400,000 for a maximum of four projects under the TVP. Funding is provided on a 2:1 matching basis, i.e. the applicant must contribute no less than one third of the total project cost, and the Government will provide funding of no more than two-thirds of the actual project cost on a reimbursement basis. Each project should normally be completed within 12 months.

6. The TVP supports applicants to use technological services and solutions to improve their productivity, or upgrade or transform the business processes. A list of typical technological services and/or solutions covered by the TVP is set out in the Guidance Notes for Applications. Applicants are also welcome to propose other technological services and solutions which could achieve the objectives of TVP. Funding may be used to cover technology consultancy fees, costs of customised and off-the-shelf equipment/hardware and software, and project audit fees.

7. Applicants should ensure that all procurement of goods and services are carried out in an open, fair and competitive manner, and are required to adhere to the procurement procedures stipulated in the Guidance Notes for Applications.

² A government subvented organisation means an organisation that receives subvention from the government on a recurrent basis. The subvention contributes towards the organisation's operational expenses, in exchange for its service to the public. The recurrent subvention may account for the bulk of the organisation's income or may just be a token contribution/sponsorship forming a small percentage of the organisation's total income.

8. The TVP is open for application throughout the year. The TVP Committee, which comprises members from the business sector, technology sector, professional services sector and relevant government departments, will assess the applications based on their individual merits.

9. Detailed information on the TVP, including application procedures and guidelines, sample application form and supporting documents, and frequently asked questions, is available on the TVP website (<https://tvp.itf.gov.hk>).

Latest Progress

10. As at 31 May 2019, ITC received a total of 1 868 applications under the TVP. Of the 1 356 applications assessed by the TVP Committee, 1 300 were approved, representing a success rate of 96% and involving a total funding of about \$185 million. 56 applications not supported by the TVP Committee were mainly cases for purchasing off-the-shelf software and hardware, or cases involving only little or no technological elements, or cases with unreasonable project budget/implementation details. Currently, 512 applications are still awaiting supplementary information from the applicants or are under preliminary assessment by ITC.

11. The major types of business engaged in by successful applicants include wholesale and retail, import and export trade, professional services, engineering, and information technology. The major types of technological services or solutions involved in the approved projects include enterprise resource planning (ERP) solution, electronic inventory management system, document management and mobile access system, point-of-sales (POS) system, and electronic procurement management system.

Way Forward

12. Members are invited to note the content of the paper.