

**Business Facilitation Advisory Committee  
Wholesale & Retail Task Force**

***Technology Voucher Programme***

**Purpose**

This paper briefs Members on the implementation of the Technology Voucher Programme (“TVP”) which was launched in November 2016 with a view to helping small and medium enterprises (“SMEs”) to enhance competitiveness through the use of technologies.

**Background**

2. There are more than 300 000 SMEs in Hong Kong, employing 50% of the private sector workforce. They form the backbone of our economy. The Government has been encouraging SMEs to adopt innovation and technology to enhance the efficiency of business operations. In this regard, the 2016-17 Budget announced that the \$500 million TVP would be launched under the Innovation and Technology Fund on a pilot basis to subsidise local SMEs in using technological services and solutions to improve productivity, or upgrade or transform their business processes.

**Mode of Funding and Eligibility**

3. The Innovation and Technology Commission (“ITC”) officially launched the TVP last November. The TVP provides a cumulative funding up to \$200,000 for each eligible SME on a 2:1 matching basis to carry out a maximum of three approved projects. Each project should normally be completed within 12 months. To ensure proper focus on project implementation, an SME cannot undertake more than one TVP project at the same time.

4. Applicant enterprises must be registered in Hong Kong under the Business Registration Ordinance (Cap. 310) (“BRO”), with at least a year of

substantive business operation in Hong Kong, and fulfil the Government's definition of SMEs<sup>1</sup>.

## **Funding Scope**

5. Given the rapid development of technologies, the TVP has not defined the types of technological services that can be subsidised. Funding may be used to subsidise technology consultancies, equipment, software and hardware, etc., that are pertinent to the project. We hope to encourage SMEs to examine their business operations and identify necessary technologies to address business challenges in order to improve productivity, or upgrade or transform their business processes, rather than merely procuring readily available technological products or services, such as off-the-shelf software and hardware as well as subscription-based cloud services. Nonetheless, technological services and solutions inevitably involve some off-the-shelf elements which are also an essential part of the project. On balance and having considered the practices of other countries, the TVP Committee ("the Committee") agreed that the TVP may also subsidise projects that involve readily available technological products/services, provided that such expenditure should in general constitute 50% or less of the total project cost.

## **Service Providers**

6. Regarding selection of service providers, the design of the TVP allows SMEs a considerable degree of flexibility. The TVP neither restricts technology service providers to a designated list, nor imposes restrictions on their locations or experience. SMEs only need to select the most suitable service providers in accordance with their business requirements and the procurement procedures prescribed under the TVP. Both local and international technology companies (including incubatees of the Hong Kong Science Park and Cyberport) can become service providers. The TVP only requires that when an SME engages a technology consultant, the consultant concerned must be a local university, research institution or a company registered under the BRO, so as to ensure that the consultant could suitably consider the local setting during the formulation of technological solutions.

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<sup>1</sup> SMEs refer to enterprises engaged in manufacturing businesses employing fewer than 100 persons in Hong Kong, or enterprises engaged in non-manufacturing businesses employing fewer than 50 persons in Hong Kong.

7. To ensure proper use of public funds, SMEs should generally award the procurement contract to the bidder submitting the lowest conforming quotation. However, subject to agreement of the Committee, the TVP also allows SMEs to provide justifications for accepting a quotation that is not the lowest.

### **Assessment Procedures**

8. Upon receipt of applications from enterprises, ITC will check their eligibility and conduct preliminary screening. Eligible applications will be submitted to the Committee for assessment. The assessment criteria include: relevance of the project to the applicant enterprise's business, reasonableness of the budget and implementation details, and any adverse record of the consultants and/or service providers to be engaged, etc. Applications supported by the Committee will be submitted to ITC for approval of funding. Members of the Committee come from the business sector, technology sector, professional services sector and relevant Government departments.

### **Monitoring and Funding Disbursement**

9. Enterprises are required to implement the projects in accordance with the approved applications and funding agreements, including keeping a proper set of books and records for the project, and submitting a final project report, a statement of project expenditure, payment receipts and relevant supporting documents to ITC after project completion. ITC will also conduct random on-site checks of projects. Funding will be reimbursed to the enterprises upon acceptance of the final project reports by the Committee.

### **Latest Situation**

10. ITC has provided online a pamphlet (**Annex**) and Guidance Notes for Applications, as well as set up an enquiry hotline. In addition, ITC has organised 22 briefing sessions between December 2016 and May 2017 to explain the details of the TVP to SMEs and the technology sector. The briefing sessions have attracted over 2 200 attendances and will continue to be arranged in the future on a need basis.

11. Since its launch, the TVP has received an encouraging response from SMEs. As at end March this year, 1 369 SMEs have registered on the

TVP website and 353 applications have been received. The average project cost of the applications is about \$180,000, seeking funding of about \$110,000 on average. The technological services/solutions involved include: enterprise resource planning solutions, document management and mobile access systems, electronic inventory management systems, big data and cloud-based analytics solutions as well as point-of-sales systems, etc. The types of business engaged in by the applicant enterprises are mainly wholesale and retail, information technology, import and export trade, engineering as well as professional services.

12. We will closely monitor the implementation of the TVP and will review its effectiveness and *modus operandi*, such as the funding scope, funding amount and vetting procedures, etc., with the Committee after two years of implementation, or when we foresee full commitment of \$500 million, whichever is the earlier.

### **Advice Sought**

13. Members are invited to note the content of this paper and give comments, if any.

**Innovation and Technology Commission**  
**June 2017**

# TECHNOLOGY VOUCHER PROGRAMME

The **Technology Voucher Programme (TVP)** aims to subsidise local small and medium enterprises (SMEs) in using technological services and solutions to improve productivity, or upgrade or transform their business processes.



The Innovation and Technology Commission (ITC) launched the **TVP** in November 2016. Each SME may receive a cumulative funding up to **\$200,000** for a maximum of **three projects**. The enterprise must contribute **no less than one third of the total project cost**.

## Application

- Eligibility:**
- ◆ registered under the Business Registration Ordinance
  - ◆ **≥ one year** substantive local business operation
  - ◆ manufacturing enterprises:  
< 100 employees
  - ◆ non-manufacturing enterprises:  
< 50 employees

**Obtain quotations** from technology consultant, service provider(s) and supplier(s)

### Submit application with **required documents:**

- ◆ copy of Business Registration (BR) Certificate, copy of Form 1(a) of BR Office or Form NAR1 of Companies Registry
- ◆ evidence of substantive business operation (e.g. **Mandatory Provident Fund records, invoices/receipts, commercial contracts, audited account**)
- ◆ copy of identity proof of signatory on application form
- ◆ copy of BR Certificate of technology consultant
- ◆ copy of quotations for expenditure items
- ◆ **all issued quotation/tender invitation documents**

## Vetting

- + TVP Committee to vet application according to the assessment criteria:**
- ◆ relevance to business of the applicant
  - ◆ reasonableness of budget and implementation details
  - ◆ adverse record of technology consultant and/or service provider(s)

Successful applicant to sign a **funding agreement** with ITC before project commencement

Project to be completed **within 12 months**, then submit **final project report**

**Disburse funding**



Further information on the TVP including the detailed application procedures and guidelines is available at <https://tvp.itf.gov.hk>.

### Enquiry

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