

BUSINESSFOCUS

New rules prove game-changer in livestreaming

Emerging e-commerce segment set to flourish in orderly fashion for long-term growth

2021  
year in  
Review

By HE WEI in Shanghai  
hewei@chinadaily.com.cn

Livestreaming has become such an integral part of e-commerce in China that the new format raked in sales worth an estimated 1.2 trillion yuan (\$188.28 billion), or nearly 9 percent of the total, by the end of last year.

That piece of data from consultancy iiMedia acquires significance given the fact that in 2017, live-streaming contributed no more than 19 billion yuan to e-commerce sales, or just 0.26 percent of the total.

Livestreaming's success is partly attributable to the peculiar market situation created by factors relating to the COVID-19 pandemic, which forced the format to quickly evolve from a nice-to-have option to a necessity for brands to power online sales.

Confined to indoors during the pandemic lockdowns, consumers turned to e-commerce for supplies, and the new phenomenon of live-streaming caught on and experienced a meteoric rise, market experts said.

An average of 1.5 million live-streaming sessions were conducted on a daily basis, according to the China Internet Network Information Center.

What's more, it spawned stars and icons called influencers who can orchestrate online sales worth billions of yuan in a jiffy, themselves becoming multimillionaires in the process.

Now, new rules and regulator scrutiny are seeking to better regulate the emerging livestreaming segment of the e-commerce sector, the backbone of the retail industry.

A slew of fines were levied on top-notch livestreaming influencers who failed to declare personal income honestly. Hence, they incurred massive backlogs of unpaid taxes, late fees and penalties.

For instance, Huang Wei, an influencer better known by her professional name Viya, was slammed with a record 1.34 billion yuan in fines on Dec 20 for hiding her commissions. In her income tax filing, Viya declared personal wages as corporate income, and omitted reports of taxable income between 2019 and 2020.

Just weeks before that, two other notable livestreamers, Zhu Chenhui (better known by her online avatar Xueli Cherie) and Lin Shanshan, were also fined for tax evasion, with their social media accounts and Taobao stores temporarily inaccessible.



A woman dressed in traditional Miao ethnic group garb promotes Miao embroidery products through livestreaming in Guizhou province in December 2021. LUO JINGLAI / FOR CHINA DAILY

Soundbites



**Daniel Zhang,**  
chairman and  
CEO of Alibaba  
Group  
Taobao Live-streaming today is a very important app in our mobile Taobao app ecosystem.

It's part of the several apps that enable sellers to engage with prospective customers through their own stores, or through KOLs.



**Derek Deng,**  
partner of Bain & Co who leads the consultancy's consumer products practice in China  
So-called "self-livestreaming" positions the

brand to retain consumers for repurchase, and enables timely consumer interaction and support that can improve loyalty and the possibility of lowering the rate of refunds.



**Mo Daiqing,**  
senior analyst at Hangzhou-based Internet Economy Institute  
In live-streaming, we are seeing surging fees of all kinds being imposed on mer-

chants, like commission fees, traffic fees and the fees to promise offering the lowest price possible. This is clearly a great departure from where the practice first started out, and should be regulated outright.

Jiaqi (who is known for his incomparable techniques for selling lip-stick) carry typical "rags to riches" stories that in part boost and solidify their cult following.

"So, this wave of tax evasion incidents is expected to deal a huge blow to these icons," said Mo. "Viya's Taobao Live account has over 90 million followers. It might be time that they knock her off the pedestal."

In addition to severe dents in personal image, hosts are facing increasing conflicts with the very brands they endorse over the split of profits and the fight for user loyalty, Deng said.

"For example, goods promoted by KOLs are usually sold at deep discounts and require commissions as high as 30 percent as well as a listing fee to advertise," Deng said.

"Moreover, by selling via a KOL's livestreaming room, brands lack full access to the consumer data that has become critical to retargeting and retention."

Such tensions ballooned into a major public outcry in November, when cosmetics giant L'Oreal Group fell afoul with the live-streaming duo over a promise of "deepest discounts", which failed to materialize.

The company's mass market marquee L'Oreal Paris had advertised that customers stand to secure the steepest discount for a facial mask if they tuned into Li's live-streaming sessions during a pre-sale

for the Nov 11 — Singles Day or Double-Eleven — campaign, China's largest shopping spree.

Consumers later found out they were able to buy the same product at nearly half the price by snatching vouchers during L'Oreal Paris' own livestreaming sessions. In light of Li and Viya boycotting the brand before a deal was properly settled, L'Oreal apologized and offered compensation plans.

But the snafu is also indicative of the distorted pricing system led by certain livestreamers, suggesting that the industry requires scrutiny and regulation, Mo said.

"We are seeing surging fees of all kinds being imposed on merchants, such as commission fees, traffic fees and the fees to promise offering the lowest price possible," she said. "This is clearly a great departure from where the practice first started out, and should be rectified outright."

As such, more established brands are aggressively moving toward starting their own livestreaming activities. According to Deng, brands are now taking a share of data from KOLs, though many still remain popular.

"So-called 'self-livestreaming' positions the brand to retain consumers for repurchase, and enables timely consumer interaction and support that can improve loyalty and the possibility of lowering refund rates," Deng said.

Such a trend was picked up by consultancy Kantar, which polled 1,000 customers participating in last year's Nov 11 shopping gala.

Among the 747 people who watched at least one livestreaming session during the event, 83 percent said they watched sessions conducted by their beloved brands, which is significantly higher than those conducted by KOLs at 43 percent and those participated in by celebrities at 30 percent.

Zheng Zhuoran, an independent analyst of digital marketing, said the "collapse" of Viya is unlikely to give rise to other lesser-known individual livestreamers, given the business is in essence a "winner-takes-all game".

But he said he remains optimistic about the prospects of merchant-driven self-livestreaming, suggesting new formats such as talk shows or cosplays, could emerge.

"During self-livestreaming sessions, merchants don't need to compete intensely with sales efficiency and track how many items are sold in an hour," he said. "Instead, they manage to focus on customer education and daily engagement with followers, which is valuable to brands over the long term."

More importantly, regulation of the sector is also fostering customers to shop in a more informed and rational manner, "thus squeezing unnecessary intermediary costs and enhancing the efficiency of business circulation", he added.

HCAL 246/2020

NOTICE OF INTENDED MOTION FOR LEAVE TO WITHDRAW ELECTION PETITION

IN THE HIGH COURT OF THE  
HONG KONG SPECIAL ADMINISTRATIVE REGION  
COURT OF FIRST INSTANCE  
CONSTITUTIONAL AND ADMINISTRATIVE LAW LIST NO. 246 OF 2020

IN THE MATTER OF the District Councils Ordinance (Cap 547)

and

IN THE MATTER OF the Elections (Corrupt and Illegal Conduct) Ordinance (Cap 554)

and

IN THE MATTER OF a District Council election for the Wai King Constituency of Sai Kung District held on 24 November 2019

BETWEEN

CHAN KAI WAI

and

YIP BRANDON KENNETH  
CHIU YIN WA, DAVID (RETURNING OFFICER  
FOR THE SAI KUNG DISTRICT COUNCIL)

Petitioner

1<sup>st</sup> Respondent

2<sup>nd</sup> Respondent

TAKE NOTICE that the Petitioner, on the 30<sup>th</sup> day of November 2021, made an application to the Court of First Instance, by way of Motion pursuant to Rule 13(1) of District Councils (Election Petition) Rules, Cap. 547C, for leave to withdraw the Election Petition herein filed on the 22<sup>nd</sup> January 2020 returnable on the 26<sup>th</sup> January 2022 at 9:30 a.m.

AND TAKE NOTICE that the said application is made to withdraw the election petition on the ground that upon legal advice and further consideration, the Petitioner is of the view that the Petition will not likely succeed.

AND FURTHER TAKE NOTICE that at the hearing of this application any person who could have lodged an election petition in respect of the election or the Secretary for Justice may apply to the Court to be substituted as a petitioner.

Dated this 5<sup>th</sup> day of January 2022.

Jimmie K.S. Wong & Partners  
Solicitors for the Petitioner  
3<sup>rd</sup> Floor, Double Building, 22 Stanley Street, Central, Hong Kong  
Tel: 2523 4778 Fax: 2523 4178  
Ref: JW20/52252/M/L/PN/SYM/ly

NOTICE ON APPLICATION FOR  
NEW ISSUE OF LIQUOR LICENCE

The Fullerton Ocean Park Hong Kong

Notice is hereby given that Tau Kin Pong of The Fullerton Ocean Park Hotel Hong Kong, 3 Ocean Drive, Shum Wan, Southern District, Hong Kong is applying to the Liquor Licensing Board for new issue of Liquor Licence in respect of The Fullerton Ocean Park Hong Kong situated at G/F (Portion C) and 2/F (Portion A and Portion B), The Fullerton Ocean Park Hotel Hong Kong, 3 Ocean Drive, Shum Wan, Southern District, Hong Kong with endorsement of hotel. Any person having any objection to this application should send a signed written objection, stating the grounds therefor, to the Secretary, Liquor Licensing Board, 8/F, Lockhart Road Municipal Services Building, 225 Hennessy Road, Wan Chai, Hong Kong within 14 days from the date of this notice.

Date : 5th January 2022

NOTICE ON APPLICATION FOR  
NEW ISSUE OF LIQUOR LICENCE

歡聚一堂有限公司

Notice is hereby given that LEUNG MAN FOON of SHOP NOS. 20, 21, 26, 27, G/F, HO SHUN TAI BUILDING, 10 SAI CHING STREET, YUEN LONG, NEW TERRITORIES is applying to the Liquor Licensing Board for new issue of Liquor Licence in respect of 歡聚一堂有限公司 situated at SHOP NOS. 20, 21, 26, 27, G/F, HO SHUN TAI BUILDING, 10 SAI CHING STREET, YUEN LONG, NEW TERRITORIES. Any person having any objection to this application should send a signed written objection, stating the grounds therefor, to the Secretary, Liquor Licensing Board, 4/F, Tai Po Complex, No. 8, Heung Sze Wui Street, Tai Po, New Territories within 14 days from the date of this notice.

Date: 5 January, 2022

NOTICE ON APPLICATION FOR  
NEW ISSUE OF LIQUOR LICENCE

HIRO OMAKASE

Notice is hereby given that LAW Wing Yiu of Shop 13, G/F, Wellborne Commercial Centre, 8 Java Road, North Point, H.K. is applying to the Liquor Licensing Board for new issue of Liquor Licence in respect of HIRO OMAKASE situated at Shop 13, G/F., Wellborne Commercial Centre, 8 Java Road, North Point, H.K. . Any person having any objection to this application should send a signed written objection, stating the grounds therefor, to the Secretary, Liquor Licensing Board, 8/F, Lockhart Road Municipal Services Building, 225 Hennessy Road, Wanchai, Hong Kong within 14 days from the date of this notice.

Date: 5 January, 2022

NOTICE ON APPLICATION FOR  
NEW ISSUE OF LIQUOR LICENCE

DAAP

Notice is hereby given that POON Chun-man, Jeff of Shop B, G/F, Wing Fu Building, 18-24 Wing Kut Street, Sheung Wan, H.K. is applying to the Liquor Licensing Board for new issue of Liquor Licence in respect of DAAP situated at Shop B, G/F, Wing Fu Building, 18-24 Wing Kut Street, Sheung Wan, H.K. . Any person having any objection to this application should send a signed written objection, stating the grounds therefor, to the Secretary, Liquor Licensing Board, 8/F, Lockhart Road Municipal Services Building, 225 Hennessy Road, Wanchai, Hong Kong within 14 days from the date of this notice.

Date: 5 January, 2022

申請酒牌轉讓及續期公告

BEEF & LIBERTY

現特通告：ALLEMAND Jerome Michel其地址為香港大嶼山香港國際機場1號客運大樓離境東翼大堂第7層7E138-7E139及7E152號舖，現向酒牌局申請位於香港大嶼山香港國際機場1號客運大樓離境東翼大堂第7層7E138-7E139及7E152號舖BEEF & LIBERTY的酒牌轉讓給李文其地址為香港大嶼山香港國際機場1號客運大樓離境東翼大堂第7層7E138-7E139及7E152號舖及續牌。凡反對是項申請者，請於此公告刊登之日起十四天內，將已簽署及申明理由之反對書，寄交香港灣仔軒尼詩道225號駱克道市政大廈8字樓酒牌局秘書收。

日期：2022年1月5日

NOTICE ON APPLICATION FOR  
TRANSFER AND RENEWAL OF  
LIQUOR LICENCE

BEEF & LIBERTY

Notice is hereby given that ALLEMAND Jerome Michel of Unit Nos 7E138-7E139 & 7E152, Level 7, Departures East Hall, Terminal 1, Hong Kong International Airport, Lantau, Hong Kong, is applying to the Liquor Licensing Board for transfer and renewal of the Liquor Licence in respect of BEEF & LIBERTY situated at Unit Nos 7E138-7E139 & 7E152, Level 7, Departures East Hall, Terminal 1, Hong Kong International Airport, Lantau, Hong Kong. Any person having any objection to this application should send a signed written objection, stating the grounds therefor, to the Secretary, Liquor Licensing Board, 8th Floor, Lockhart Road Municipal Services Building, 225 Hennessy Road, Wan Chai, Hong Kong within 14 days from the date of this notice.

Date : 5th January 2022

申請酒牌轉讓公告

BEEF & LIBERTY

現特通告：林展輝其地址為香港上環荷李活道252號地下，現向酒牌局申請位於香港上環荷李活道252號地下Beef & Liberty的酒牌轉讓給夏傑其地址為香港上環荷李活道252號地下。凡反對是項申請者，請於此公告刊登之日起十四天內，將已簽署及申明理由之反對書，寄交香港灣仔軒尼詩道225號駱克道市政大廈8字樓酒牌局秘書收。

日期：2022年1月5日

NOTICE ON APPLICATION FOR  
TRANSFER OF LIQUOR LICENCE

BEEF & LIBERTY

Notice is hereby given that LAM, Chin-tai Derek of G/F 252 Hollywood Road Sheung Wan H.K. is applying to the Liquor Licensing Board for transfer of the Liquor Licence in respect of Beef & Liberty situated at G/F 252 Hollywood Road Sheung Wan H.K. to SINGH, Hardeep Nahil of G/F 252 Hollywood Road Sheung Wan H.K. Any person having any objection to this application should send a signed written objection, stating the grounds therefor, to the Secretary, Liquor Licensing Board, 8/F., Lockhart Road Municipal Services Building, 225 Hennessy Road, Wan Chai, Hong Kong within 14 days from the date of this notice.

Date : 5th January 2022

CHINADAILY  
Hong Kong Edition

Available on the  
App Store