

**Legislative Council Panel on
Information Technology and Broadcasting**

**Implementation of Computer Information System Integration
Qualification Certification under the Second Phase of Mainland and
Hong Kong Closer Economic Partnership Arrangement**

INTRODUCTION

This paper outlines the arrangements for Hong Kong suppliers of system integration services to apply for Computer Information System Integration Qualification Certification under the second phase of the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA II).

BACKGROUND

2. Regulations promulgated by the Ministry of Information Industry (MII) of the Central People's Government (CPG) require that enterprises providing computer information system integration services in the Mainland should possess the appropriate level of Computer Information System Integration (SI) Qualification.

3. There are four levels of SI Qualification Certification, namely, Levels 1 to 4, denoting different levels of capability to implement computer information systems. Level 1 Qualification, the highest level, denotes the capability to implement systems at the State and other levels of government as well as those of small to large enterprises. Level 4 Qualification denotes the capability to implement systems for small enterprises only. Hitherto, only enterprises registered in the Mainland could apply for the certification.

4. As one of the liberalization measures under CEPA II announced on 27 August 2004, Hong Kong service suppliers are allowed to apply for SI Qualification Certification, in accordance with the relevant regulations and rules promulgated by the Mainland, with effect from 1 January 2005. To facilitate Hong Kong enterprises to apply for SI Qualification

Certification, the MII agreed to institute a transition period of one year with effect from 1 January 2005, during which certain aspects of the application procedures and assessment criteria of the SI Qualification Certification are relaxed for Hong Kong service suppliers. The transitional arrangements were announced on 17 December 2004.

THE TRANSITIONAL ARRANGEMENTS

5. In recognition of the differences in the business environment and the mode of operation between the Hong Kong and Mainland enterprises, the following assessment criteria have been relaxed during the transition period:

General Criteria

- (a) The registered capital requirement is lowered and can be supplemented by the audited net asset value.

Business Turnover

- (b) In addition to SI projects undertaken in the Mainland, those undertaken in Hong Kong can be taken into account.
- (c) The required total value of SI projects and software expenses is lowered.

Management Capability

- (d) The academic qualification and practice experience of principal personnel will be assessed instead of the recognized professional titles.
- (e) The requirement for the quality management system to be certified by a State-recognized certification body is temporarily waived.

Human Resources Capability

- (f) The required number of personnel with the relevant project management skill, instead of the number of Project Managers as defined in the MII regulation¹ will be assessed.

¹ Project Manager as defined in the MII document 《計算機信息系統集成項目經理資質管理辦法（試行）》（信部規〔2002〕382號文）(available only in Chinese).

- (g) The required number of personnel involved in software development and system integration work is lowered.

6. A summary of the relevant provisions and a comparison with the original criteria are at **Annex A**.

APPLICATION PROCEDURES

7. To facilitate Hong Kong service suppliers to apply for SI Qualification Certification in Hong Kong, the Office of the Government Chief Information Officer (OGCIO) has appointed the Hong Kong Productivity Council (HKPC) to conduct assessment for Levels 3 and 4 Qualification Certification from Hong Kong applicants on a temporary basis. The two existing Mainland Assessment Centres, namely the China Software Testing Center and the China Electronic Product Reliability and Environmental Testing Research Institute Certification Body which have been authorized by MII to assess applications for all levels of SI Qualification Certification in the Mainland, will conduct assessment of applications for Levels 1 and 2 Qualification from Hong Kong enterprises.

8. Upon receipt of an application, the relevant Assessment Centre will conduct a detailed evaluation and then issue a **report** on the compliance or otherwise of the application with the stipulated assessment criteria. Based on the report as well as other supporting documentations, the OGCIO will make a **recommendation** to MII on whether the application should be approved. The Computer Information System Integration Qualification Certification Office of the MII will conduct compliance audit, expert assessment and then approve or reject the application accordingly.

9. For the purpose of paragraph 8 above, the OGCIO has set up a management office to oversee the implementation of SI Qualification Certification in Hong Kong.

PRESENT STATUS

10. As at end March 2005, two service suppliers have submitted

formal applications for SI Qualification Certification. Another six have submitted preliminary applications to the Hong Kong Assessment Centre at HKPC for initial screening. We expect that the first batch of applications will be submitted to the MII for consideration in May 2005.

BENEFITS TO ENTERPRISES IN HONG KONG

11. We expect that the liberalization measure, together with the transitional arrangements, will benefit our local IT enterprises in the following ways:

- (a) SI Qualification Certification enables our local IT enterprises to meet the basic requirement for access to the Mainland market, particularly with regard to government projects for which SI Qualification Certification is a mandatory requirement. The requirement is progressively being adopted in the commercial sector as well. It should however be noted that successful bidding of Mainland SI projects will depend on a number of other factors such as the bidding prices and quality of services;
- (b) Hong Kong enterprises enjoy a one-year transition period during which they can apply for SI Qualification Certification under a set of relaxed criteria. Moreover, the establishment of an assessment centre in Hong Kong helps reduce the cost and inconvenience of applications due to the distance and differences in language, culture, systems and practices between Hong Kong and the Mainland; and
- (c) SI Qualification Certification enables Hong Kong enterprises to obtain third-party accreditation of their capability based on published criteria and through a formal process, which can be useful credentials to the individual enterprises.

12. We will continue to encourage Hong Kong enterprises to apply for SI Qualification Certification, which provides a formal recognition of their capability and can facilitate their access to the Mainland market.

WAY FORWARD

13. The OGCIO will monitor the SI Qualification Certification scheme in Hong Kong and work closely with the HKPC and MII to ensure its smooth implementation during the transition period. We also welcome feedback from the IT industry in the light of the experience gained during this period, which will provide useful input to our further discussions with the MII on the longer-term arrangement.

**Office of the Government Chief Information Officer
Commerce, Industry and Technology Bureau
April 2005**

Comparison of ²
the Assessment Criteria Applicable to Hong Kong IT Service Suppliers During the Transition Period
and the Original Criteria

(This is only a comparison table and not a complete list of the criteria)

No.		Criteria Applicable During Transition Period	Original Criteria
1	General Criteria – Registered Capital	<p>The requirement on Registered Capital is lowered and can be supplemented by audited Net Asset Value as follows :</p> <p>Level 3 Qualification – Registered Capital not less than RMB 1M OR Registered Capital not less than RMB 0.3M AND Net Asset Value not less than RMB 1.2M.</p>	<p>Level 3 Qualification – Registered Capital not less than RMB 2M.</p>

² Please see the note at the end of the table.

No.		Criteria Applicable During Transition Period	Original Criteria
		Level 4 Qualification – Registered Capital not less than RMB 0.3M OR Registered Capital not less than RMB 0.1M AND Net Asset Value not less than RMB 0.4M.	Level 4 Qualification – Registered Capital not less than RMB 0.3M.
2	Business Turnover	SI Projects undertaken in both the Mainland and Hong Kong can be taken into account in assessing the business turnover in SI. In principle, projects undertaken overseas will not be counted but consideration could be given based on individual merit if adequate documentary proof is available.	Only projects undertaken on the Mainland will be taken into account.
3	Business Turnover – Value of SI projects and Expense on software	The total value of SI projects completed within the recent 3 years and the software expenses should not be less than (a) and (b) respectively below : - Level 3 Qualification – (a) RMB 40M, (b) RMB 12M.	- Level 3 Qualification – (a) RMB 45M, (b) RMB 13.5M.

No.		Criteria Applicable During Transition Period	Original Criteria
4	Management Capability – Professional Title	The professional title of principal personnel will not be assessed; instead, the number of personnel with relevant academic qualifications and practice experience will be assessed.	<p>The principal personnel with responsibilities for technology and finance should possess recognized professional titles in the Electronic Information category and the Finance-related category respectively should not be lower than as follows :</p> <p>Technology Level 1 and 2 Qualification – “Senior” Professional Title. Level 3 and 4 Qualification – “Middle” Professional Title or Master Degree.</p> <p>Finance Level 1 and 2 Qualification – “Middle” Professional Title. Level 3 and 4 Qualification – “Junior” Professional Title.</p>
5	Management Capability – Quality Management System	The requirement is waived.	Level 3 Qualification – The enterprise should maintain a quality management system that has been certified by a state-recognized third-party certification body.

No.		Criteria Applicable During Transition Period	Original Criteria
6	Human Resources Capability – PMs	The no. of Project Managers (PMs) ³ will not be assessed; instead, the number of personnel with the relevant technical skill levels will be assessed.	The no. of PMs should not be less than (a) below including no. of Senior PMs not less than (b) below : Level 1 Qualification – (a) 25, (b) 8. Level 2 Qualification – (a) 15, (b) 3. Level 3 Qualification – (a) 6, (b) 1. Level 4 Qualification – (a) 3.

³ PM refers to Project Manager as defined in the MII document 《計算機信息系統集成項目經理資質管理辦法（試行）》（信部規〔2002〕382號文）(available only in Chinese).

No.		Criteria Applicable During Transition Period	Original Criteria
7	Human Resources Capability – SD and SI personnel	The no. of personnel involved in software development (SD) and system integration (SI) work should not be less than : Level 3 Qualification – 40	Level 3 Qualification – 50

Note :

The Assessment Criteria applicable to Hong Kong IT Service Suppliers during the Transition Period are stipulated in the MII Notice

《關於過渡期內香港特別行政區企業申請內地計算機信息系統集成資質有關事項的通知》(信計資〔2004〕024 號文)

The original assessment criteria are stipulated in the MII Notice

《計算機信息系統集成資質等級評定條件（修定版）》(信部規〔2003〕440 號文)

(Both documents are available only in Chinese).